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EUROPE'S BUSINESS NEWSPAPER

D 8523 A

World News **Business Summary**

Tokyo plans Exxon lifts sanctions against N. Korea

the bombing, which killed 115 ter of 1986. Page 28 people, was unforgiveable.

announced tit-for-tat diplomatic DM1.6775 (DM1.6745); sanctions against the US in FFr5.6550 (FFr5.6450); retaliation for Washington's SFr1.3615 (SFr1.3555); Y127.75 decision to brand the country a (Y127.80). Page 31 terrorist state after deciding the North was responsible for the airliner bomb.

Attorney-General

kidnapped in Colombia Colombia's Attorney-General 'arlos Mauro Hoyos was kidapped and two of his bodylards killed, probably by drug affickers fighting threatened tradition to the US. President rgilio Barco called an emerncy meeting of the National security Council.

Farmers protest

About 2,000 West German farmers blockaded three crossing points on the Dutch border with tractors, to protest against EC farm spending policy.

Flights cancelled

Belgian air controllers staged two stoppages at Brussels international airport in protest against low manning levels, and 55 flights were delayed or can-

Kampuchea plan

Prime Minister Hun Sen outlined details of his plans for a phased withdrawal of about 100.000 Vietnamese troops from Kampuchea in an interview published in Le Monde.

Bangladesh demo ban Bangladesh banned rallies and protests after the opposition vowed to meet violence with

Sri Lankan guards

The Sri Lankan military was training about 20,000 people to TURKISH Higher Planning protect MPs against an out- Council set targets for 5 per lawed political group, the Peo- cent growth in the economy and ple's Liberation Front, which an inflation rate of around 30 murdered government support- per cent in 1988. Page 2 ers. Indian withdrawal talks, Page 4

Greek taxis strike

test against a government antipollution measure to halve the number of taxis in central Ath-

State of the Union

President Ronald Reagan was expected to stress to Congress the need for more aid to Nicaraguan Contra rebels in his State of the Union address and also to focus on US-Soviet relations, abuse. Aid request, Page 3

Libyan restrictions

from Italy, Britain and France year, Page 4 in retaliation for continuing European Community action ALCATEL, telecommunications against Tripoli over its alleged links with terrorism, the Libyan between CGE of France and ITT embassy in Rome said.

Ceausescu honoured The Soviet leadership congratulated Romanian leader Nicolae Ceausescu on his 70th birthday and awarded him the Order of Lenin. Queen 'insulted,' Page

Apartheid critic quits Anthony Bloom, chairman of South Africa's Premier food and milling group and an out-

spoken critic of apartheid said Britain. Page 22; Lex, Page 22 he was leaving the republic for Britain. Page 4

Red faces in Tokyo

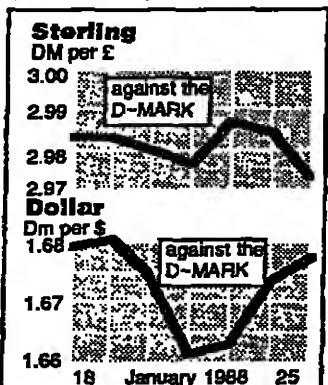
The Tokyo Government was biggest assurance concern with extremely embarrassed about assets of IRS2.5bn-IRS3bn Japan's emergence as South (\$4bn-\$4.8bn), to reduce the Africa's leading trade partner. IRS24bn (\$38bn) national debt. Page 4

profits by 50% to over \$1.5bn

Tokyo's Foreign Ministry said EXXON, largest US oil com-Japan would impose sanctions pany, reported fourth-quarter against North Korea for master- income up more than 50 per minding the bombing of a South cent at \$1.56bn, its best finan-Korean airliner. Japanese Prime cial performance since the Minister Noboru Takeshita said exceptionally strong first quar-

Meanwhile, North Korea DOLLAR closed in London at

STERLING closed in London at \$1.7720 (\$1.7965); DM2.9725 (DM2.9850); FFr10.02



SFr2.4125 (FFr10.0625); (SFr2.4175); Y226.25

(Y227.75). Page 31 WALL STREET: The Dow Jones industrial average at 2pm was up 44.27 at 1,947.78. Page

LONDON: Equities recovered slightly in quiet trading after losing 13 points during the afternoon. Volume of shares was the lowest recorded since last October, and the FT-SE 100 index closed down 8.7 at 1,762.2. Page 38

TOKYO: Expectations of lower short-term interest rates and higher corporate earnings lifted share prices, and the Nikkei average closed 193.07 higher at 23,318.40. Page 42

wounding of 300 by police at a trading amid concern on Wall relatively short period since the high-yielding bonds rated below US. weekend rally in southern Ban- Street that the photographic group's takeover of Sterling Drug would reduce profits in the medium term. Page 23; Lex,

EAST EUROPEAN Comecon members' national income and industrial production growth rates fell last year, according to Taxi drivers throughout Greece estimates in the Soviet Commustarted a 48-hour strike in pro- nist Party daily Pravda. Page 2 ERICSSON, Swedish telecommunications company, is close to winning a SKr60m (\$10m)

> US is to cut off new aid money and non-emergency food assistance to Zambia, which is \$3.8m in arrears on loan repayments.

contract to supply a mobile

telephone system to India. Page

budget reform, education policy OMAN, faced with a 194m rials and efforts to combat drug (\$504m) budget deficit in 1988, is to upgrade its state-owned natural gas industry, spending 6m rials (\$15.6m) developing

Libya had restricted imports three gas production plants this equipment joint venture of the US, has agreed a deal

worth more than FFr580m (\$104m) to modernise Peking's telephone network. Page 4 PREMIER Computer Corporation of the US is to set up a

\$5.5m (\$9.8m) European base in Plymouth, England, employing 180 people within three years. Page 12 ROWNTREE, UK-based inter national confectionery group, is

selling its crisps and savoury snacks businesses in the US and IRISH Government is thought to have decided to privatise state-owned Irish Life Assurance Company, the country's Page 24

Formula Shell to be withdrawn from main markets

BY MAX WILKINSON, RESOURCES EDITOR

SHELL, the world's leading European petrol sales, the with- circumstances" damage an retailer of petrol, will withdraw drawal is a serious blow for engine's inlet valves. the Formula Shell brand from Shell.

is likely to be withdrawn from cially Shell's. most of the other 31 countries

its main markets, because The additive, hailed as a tech- be sold in unleaded petrol, but research shows it might cause nical breakthrough at its this is only available at 100 of engine damage in conjunction launch in May 1986, was the the company's 3,000 UK petrol

with lead.

The company announced yesing strategy world-wide.

terday that the Formula Shell

Shell had hoped to persuade ket. Shell has about a fifth of additive, launched at a cost of motorists that petrol was no the UK petrol market.

Formula Shell will continue to

Shell UK said yesterday that claimed to give better perfor-

However, although Shell had conducted exhaustive tests

longer be included in leaded but a product with special char- contains a detergent intended the smooth running of some 400 strategy. Formula Shell is not petrol in the UK and Holland. It acteristics for each brand, espe- to keep parts of the engine Vanxhall cars by damaging sold in the US while, in Japan, cleaner and a sparking agent valve seatings. where it Shell sells leaded pet- the group's most recent mance and fuel economy, par- modified in May last year, it In 1986, the group earned

Although the product was rol from Norway and Denmark.

SENATOR ROBERT DOLE, the

Republican Minority Leader,

called yesterday for the US

record is dismal . . the Senate

should go on record . . that the

United States would view a vio-

lation as an extraordinary

The Senate Foreign Relations

Committee hearings on the INF

try to wreck the INF accord by

proposing so called "killer

He attacked the agreement on

the grounds that verification

proposals were inadequate and

that, contrary to what Mr Rea-

gan is saying, the treaty does

not destroy nuclear warheads

Charging that the Soviet war-

heads which have been

removed from medium range

missiles could be redeployed on

different missiles from those

only the delivery vehicles.

event justifying our withdraw.

power's arsenals.

from the treaty.

amendments".

US to be firm

on INF treaty

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

ments claimed by Shell were problems have been reported genuine and it seemed for a since the formula was modified, time that the Anglo-Dutch giant but has clearly become worried had stolen a march on its com- by the possibility of a loss of market share resulting from the tarnished image of its product.
The withdrawal will not over hundreds of thousands of affect the US or Japanese marmiles' motoring, several problems soon appeared. It was tion measures have resulted in found to have interfered with a different petrol marketing

has already been withdrawn £1.78bn (\$3.18bn) from its refining and marketing

in Jerussiem lead is no longer added to pet-Shell claims that no further operations (including gas), Dole calls for

Mr Niall MacDermot, General Secretary of the Geneva-based International Commission of Jurists, had earlier denounced Israel's use of beatings to con-

trol recent unrest as "utterly illegal. "By what right does the Minister of Defence tell his officers

"By inciting them to do that," act and in so doing he is committing an illegal act himself." The army High Command, aware of the damage done by Mr Rabin's statement, has issued instructions to troops to

The lawyers heard a series of they had been victims of beat-

vouched for by al Haq-Law in the Service of Man, an organisation of lawyers based in the West Bank, with a reputation for checking its statements carefully.

lah hospital, who had been beaten at the weekend in the Al-Amari refugee camp on the edge of the town. Several had broken limbs or fingers and all had severe bruises, particularly on the knees and elbows. All insisted that they had taken no part in the demonstration which prompted beatings. stating categorically that laraeli soldiers had broken into their homes and started beating them

Mr Adham Abu Taha, a 23year-old medical technologist, described how soldiers had burst into his home, taken him "with my shoes off," and had hit his 70-year-old mother when she attempted to struggle with them.

research showed that Formula ticularly in cold weather. Other major oil companies Since leaded petrol accounts Shell in combination with lead for more than 91 per cent of additives might "in certain rare conceded that the improve-Campeau of Canada bids \$4bn for

Bloomingdale group BY DAVID OWEN IN TORONTO AND MAGGIE URRY IN LONDON

ambitious Canadian property developer, yesterday launched Federated Department Stores, the largest US department store group whose 18 divisions stocks are lying flat on their include Bloomingdale's and backs." Abraham & Strauss.

The bid, at \$47 a share, comes little more than a year after Campeau, Mr Campeau's Toronto-based corporate company, swallowed Allied Stores of the US in a bitter US\$8.6bn takeover battle. In a letter to Mr Howard

> and chief executive, Mr Campean said he wanted to enter into a friendly negotiated merger with the Cincinnatibased group. Separately, Campeau said it was in discussions with major banking institutions about the formation of a financing syndicate but no commitments had yet been obtained.

MR ROBERT Campeau, the Allied acquisition. "The question is whether any-doubts about its ability to gen-ne could finance such a bid in erate a high price for any Fedone could finance such a bid in a US\$4.2bn tender offer for this market," said Mr Martin erated divisions it might decide Braun of Richardson Green- to spin off. shields in Toronto. " Retailing

> Wall Street, however, reacted positively to the news. Federated stock soared \$12% to \$48% by mid-morning. The chain's break-up value is estimated at as much as \$60 a share. Though observers initially

paled at the heady debt load Goldfeder, Federated chairman assumed by Campeau in the wake of the Allied sortie, the company's eponymous founder has recently been winning plaudits for the speed with which the burden was dissipated. No fewer than 16 Allied store chains were put on the block during the sales drive, allowing the company to repay \$1.1bn of

bank debt. While Federated has long Financial markets are, howbeen tipped as a possible take- ever, in very different shape

investment grade - and raising

Federated, which had no comment on the offer yesterday, made profits of \$301.9m on sales of \$10.5bn in 1986. It derives some 66 per cent of turnover from its department stores, with the balance coming from its buoyant supermarket

Marks & Spencer, the UKbased retail group which owns three store chains in Canada, was named yesterday by Campeau as a possible third party in its bid for Federated. How ever, M & S announced last night that it had no intention of bidding for Federated, of participating with Campean in buying Federated securities or of providing funds specifically for the bid.

The British group said that talks begun with Campeau two over candidate, Campeau's from a year ago. This, it is felt, weeks ago were at an early tary of State. But even before hold a string of public hearings overture surprised most ana- may restrict Campeau's room stage and were to explore the Mr Shultz began, the battle on the INF Treaty. These are violence in revenge for the kill- EASTMAN KODAK'S shares lysts both because of the uncer- for manoeuvre both by limiting possibility of co-operation ing of at least 17 people and fell \$4% to \$44% in heavy early tainty of the markets and the its recourse to junk bonds - between the two groups in the

Pöhl expects US to halt further decline of dollar

BY ANDREW FISHER IN BONN

MR KARL Otto Pöhl, President chance the dollar rate will staof West Germany's Bundes- bilise," he declared. bank, held out hopes yesterday The dollar was yesterday that the dollar would now sta- fixed in Frankfurt at bilise, citing as one reason a DM1.6745, having recovered greater awareness in Washing- from levels below DM1.60 at ton that any further drop the close of 1987. would not be in US interests. value against the D-Mark had through the drop in the dollar. practically halved. More impor- Inflation fears had also tantly, the US Government had receded.

In three years, he noted, its had become more competitive

Mr Pohl said the US economy

realised that an upward trend The effects of the US's in interest rates would not be increased competitiveness were consistent with its aim of now apparent, though the pro-

In real terms, excluding the effect of currency-induced price changes, US exports rose 30 per cent in the 12 months to last November. With a stable dollar, the nominal figures would also

It was "a perverse situation" that a country as large as the US was the world's biggest importer of capital. Rich industrial countries should run current account surpluses, so that they could export capital to the poorer countries. Mr Pohl, expressing support

Continued on Page 22

avoiding weaker growth or cess of reducing US deficits would be a long one. The time recession in an election year. "I believe there is a certain lags were mostly under-esti-

BY JOHN WYLES IN ROME

by Mr Giovanni Goria, last pension of L550,000 (\$450) night won two votes of confifaces the possibility of further parliamentary defeats in the coming week in its struggle to secure the bill's pas-

This means that last Friday's system.

THE Italian Government, led favour of providing a monthly will leave little left with the Government.

The second vote of confidence carried last night was against a radical party amendment that could have opened the door to a further L7,500bn of public spending.

facilitated by the secret vot-

able for exploitation in the next few days when several hundred more amendments to dence over amendments to its which to finance the increase the Finance Bill have to be 1988 Finance Bill, but it still in basic pensions proposed by voted. The enormous difficulties which the Goria Government has had in drafting a budget and then securing its passage through parliament have strengthened demands

However, the parties have political reform over the past

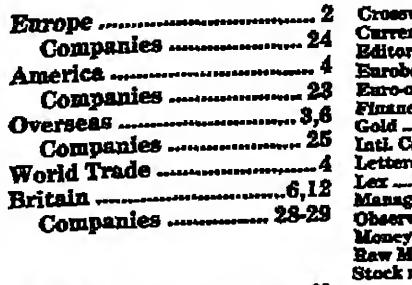
Goria wins confidence votes

The Government demanded an unusual double vote of confidence after two defeats in the lower house last Friday. The most important, on a have added L3,500bn erning majorities to melt get is out of the way, the two (\$2.86bn) to the country's away under the cloak of ano- houses of parliament are due pensions bill over the next nymity. All five coalition par- to hold general debates on

for procedural changes. Last Friday's defeats were not ventured beyond talk of Communist amendment, could ing system which allows gov- three months. Once the bad-

ties now favour abolition of political reform after which, The Government's original the secret vote, but it remains as sometimes happens in proposal to raise pensions by to be seen whether this can Italy, the conviction might L4,000bn over the next three be accomplished if the Com- have taken hold among the years was amended last night munist Party maintains its politicians that, by talking to lift the total to L4,500bn. long-standing defence of the about the problems, they have actually solved them. Communist amendment in It will certainly be avail- In need of a miracle, Page 2

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INTELLECTUAL BANQUET

IN QUEST OF **EUROPEAN** IDENTITY

Mr Jean Bernard Raimond, French minister, hosted a discussion on what EC states share, Page 21

Japan: Tokyo embarrassed by South African trade links Asia-Pacific aviation: growth presents new challenges

Management: Small business on the Rivi-Technology: Here come the "clone killer"

Editorial comment: A shrinking union; a Soviet role in Romania

Lex: Blue Arrow; RHP; Rowntree 22 US: Junk bonds straitjacket Australia: Survey Section III

Senate to send "a strong political message" to the Soviet Union that the US would not tolerate violations of the Intermediate Range Nuclear Forces The Senate is holding hearings which will end in a vote on whether or not to approve the INF treaty, signed by President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, in Washington last month. It provides for the elimination of medium and shorter range nuclear missiles from the super-Mr Dole underscored his support for the treaty, but said: The Soviet treaty compliance

Dole: send message

being eliminated he said "Ole Soviet warheads never die. they are just retargeted at the United States".

Over the next two months both the Senate Foreign Rela-Treaty yesterday morning also tions Committee and the Senate featured a lengthy presentation Armed Services Committee will by Mr George Shultz, the Secrebeing planned as an opportulines were quickly drawn in nity also to examine the opening statements by Senator broader strategic and military implications of the changing Jesse Helms and Senator Robert structure of Nato forces and in Senator Helms is one of a particular to examine the proshard core of Republican conserpects for conventional arms vatives who, it is believed, may

control in Europe. The debates are taking place against the background of a Presidential election campaign in which arms control and defence spending are major

Mr Dole's appearance before the Foreign Relations Committee yesterday reflected the electoral dimension. Although not a member of the committee he had used his influence on Capitol Hill to secure an invitation to make a guest appearance.

Rule of law violated in Gaza and West Bank say lawyers By Edward Mortimer

THE RULE of law in Israel's occupied territories is "seriously compromised," according. to a statement issued in Jerusa-

lem last night by 10 distinguished international lawyers. The lawyers, from the US, South Africa and five European countries, had been attending an international conference on the administration of the occupied territories.

to inflict punishment on people?" Mr MacDermot asked. referring to the statement made last Tuesday by Mr Yitzhak Rabin that the first priority of the security forces was "to use might, power and beatings," to end the unrest. Mr MacDermot said, "he's inciting them to commit an illegal

correct what are now being described as "deviations from the norms of conduct." accounts of the current repression from Palestinian lawyers based in Gaza and from West Bank Palestinians who said

ing and ill-treatment. All the witnesses were

I met 11 young men in Ramai-

without provocation.

They hit everybody in the house," said Mr Abu Taha. Continued on Page 22

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Genscher warns over UK stand on EC rebate

By tim dickson in Brussels

THE EUROPEAN Community's nervous anticipation of next month's emergency summit was evident yesterday when Sir Geoffrey Howe, Britain's Foreign Secretary, reaffirmed the UK's strong commitment to agricultural reform and Mr Hans-Dietrich Genscher, the West German Foreign Minister, warned that renegotiation of Britain's budget rebate could prove a major stumbling block

Mr Genscher told journalists after a generally low-key meeting of EC foreign ministers in Brussels that he was "certain that the problem of the abatement for the UK will be very difficult and we will have to deal with it until the end of the

Britain has always insisted that any reform of the Community's budgetary system should not lead to a lower level of rebate than that secured by Mrs Margaret Thatcher, UK prime minister, at the famous Fontainbleau summit in 1984.

In the build-up to last month's ultimately unsuccessful meeting of EC heads of government at Copenhagen the issue was largely overshadowed by West German opposition to proposed price cuts for

cereal farmers.

But the indications in Brussels last night were that West Germany and other member states may be trying to link the highly sensitive rebate question to Britain's so far resolutely tough stance on farm reform. Mr Genscher, as president of the EC's Council of Ministers, may this week hold several bilateral meetings in national capitals in preparation for next week's conclave - the special meeting of foreign ministers where the hard pre-summit bargaining on the whole package of financial reforms (including higher resources for the EC and more social and regional spend-

Sir Geoffrey, who appeared anxious to scotch suggestions after the weekend meeting of EC farm ministers that the UK has become increasingly iso-lated in its market-oriented approach, warned that the EC may be "losing sight" of the need for effective change in agricultural policy.

Yesterday, however, most of the attention was on Sir Geoffrey's plea for a tough approach to farm reform. The UK foreign secretary's comments were par-ticularly scathing about political attempts by some member states to substitute the automatic price cuts envisaged in the proposed system of stabilisers with a set-aside scheme essentially paying arable farmers to take part of their land out of production.

He said: "The Copenhagen European Council tasked agriculture ministers to work up a scheme for set aside...Agriculture ministers were not, however, mandated to set aside stabilisers. This is why it is no more than a statement of fact that without a satisfactory package on stabilisers there will be no agreement in Brussels next month."

He rejected criticism that Britain's emphasis on price problem." He also denied suggestions that Britain failed to understand the internal political constraints facing the French and German governments, notably their strong farm lobbies.

world in which agriculture is England was the Tory Party at prayer but today you could say that the NFU (National Farmers' Union) is the Tory Party at

France again lowers money market rate

BY GEORGE GRAHAM IN PARIS

THE Bank of France yesterday lowered its money market intervention rates for the fourth time in two months.

ing) is expected to start.

The French central bank cut both its bill purchase rate, which usually marks the lower strengthening - the yield on end of the money market interest rate range, and its seventaking them to 7.25 per cent moving downwards. and 7.75 per cent respectively.

uid for the past week and the France.

Bank of France in fact yesterday reduced its injection of liquidity by buying only FFr52.4bn of the FFr71.3bn bills offered to it by the banks. With the bond market already government ten-year bonds fell at the end of last week below quarter of a percentage point, help long-term rates to continue

The Bank of France said it The money market had had decided on the rate cut in already anticipated the reduct the light of the continued good tion, with rates falling to performance of the French between 7.0625 and 7.25 per franc in the foreign exchange cent at the end of last week. markets and of the favourable The market has been over-liq- development of inflation in

Swedish strikers face threat of lock-out

BY SARA WEBB, STOCKHOLM CORRESPONDENT

cal employees in Sweden, which remaining 50,000 members of has hit several of the country's the union as it could not accept worsened yesterday when the by union representatives. employers' organisation SIF's latest demands for wage tions, said negotiations would announced it would stage a increases of 3.6 per cent with lock-out next Monday.

try and engineering, comes cent. according to VF. after the break-down in talks The employers originally between the two sides over the offered an increase of 0.9 per weekend, and means that the cent with compensation for Government may be forced to inflation. SIF's position has

Waldheim set

to meet war

commission

By Judy Dempsey in Vienna

THE historians' commission

which was set up and financed

Austrian President, meets

today in Vienna for its final

The six-man commission includes Mr Hans Rudolf Kurz, the Swiss military expert, and

session.

Second World War.

sion's findings as binding.

later this week.

appoint a mediating committee. weakened considerably follow-The Swedish Union of Cleri- ing the agreement by the Civil cal and Technical Employees in Engineers Union on Friday to Industry (SIF) called 43,000 of accept an increase of 1.9 per Socialists are pressing to form a its members out on strike a cent.

A WEEK-LONG strike by week ago. VF said yesterday white-collar technical and cleri- that it would lock out the leading export companies, the demands put on the table compensation for inflation agreement, no stable govern-The decision by VF, which would mean increases in wage ment could be formed. represents employers in indus- costs in industry of about 7 per

Italy's government in need of a political miracle

John Wyles on a style of government hanging on a handshake and a smile

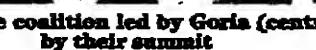
AFTER MR GIOVANNI Goria, the Italian prime minister, recently emerged from a Vatican audience with the Pope, a cartoon appeared in a leading newspaper showing the pontiff placing an apologetic hand on the bearded Goria's shoulder saying: "Believe me, only Bettino Craxi could achieve this miracle."

The Socialist Party leader did try. Within a few days, he hosted a summit which commentators invested with a cosmic significance almost on a par with a Reagan-Gorbachev encounter. Last Tuesday, his ancient enemy and partner in constructing coalitions, Mr Ciriaco De Mita, the secretary of the Christian Democratic Party, made apparently the first visit of his life to the gloomy Socialist headquarters on Via del Corso. There, he passed an hour and a half in conversation with the man who for ten years has plotted and schemed to undermine the Christian Democrats post-war dominance of Italian

None of the symbolic significance was lost on an Italian media which has relished every sword stroke of the hitherto raw rivalry between the two men. A "truce" had been declared and a "thaw" had set in, the commentators concluded. Perhaps, indeed, a minor miracle had been performed and the nation's shaky government led by Mr Goria might look forward to a few more weeks or even months of

Above all, the encounter underlined the uncomfortable truth with which Mr Goria has mechanisms represented "a nar- to live daily. The durability of row intrasigent approach to the his government, like that of so many previous Italian governments, depends not so much on





on the quality of their execu- compensate for the absence of a Mr Craxi knew that he had to tion but more on a handshake and a smile between two men who make little obvious contribution to either.

Yet subsequent events have also shown that while Mr Craxi and Mr De Mita can make or break prime ministers, they cannot guarantee a majority for government policies. Mr Gorla's coalition has suffered a number of parliamentary defeats but none more damaging than last Friday when perhaps 40 or so Christian Democrats were able to put their secret votes behind the Communists to add L3,500bn (£1.6bn) to spending

Already, therefore, the Crax-

the character of its policies nor i-De Mitz summit is failing to crucial political understanding support a Christian Democrat which has been the hole in the prime minister, but held back Goria coalition's heart since it from any understanding of the was formed last July. The cels- kind which had blessed his brated Craxi years of stable occupancy of the prime ministegovernment between 1983 and 1987 were underpinned by a Socialist-Christian Democrat tively blackhalled Mr De Mita pact that Italy would be ruled by the centre-left five party coalition for the life of one leg-

> This arrangement, patently beneficial for the country and rehabilitating for its institutions, broke down amidst considerable acrimony last March when Mr Craxi appeared to refuse the Christian Democrats a turn at the premiership.

ment has had to fight.

Craxi (left) and De Mita (right): the coalition led by Goria (centre) has not been strengthened

After early elections in June, rial offices in the Palazzo Chigi. The Socialist leader effecwho would not go to the Chigi without guarantees against early eviction. Instead, Mr De Mita nominated his protege the young Mr Goria, aged 44 now going on 54; after 6 extraordinarily trying months in office.

At such an obvious sign that

With the insouciance of generals leading from the rear, they despatched their junior officers to deal with a worsening public sector deficit, a run on the lira, the despatch of warships to the Gulf, a row with the Vatican over the teaching of religion, and damag-ing public transport strikes – to mention just a few of the trenches in which the govern-

Having spawned a government in which few people believed and which scarcely believes in itself, the coalition parties have given primacy to the search for short-term tactical advantage. The tiny Liberal party nearly brought down Mr Goria last November in a bid to harness perennial discontent over the tax burden, while Mr De Mita has smiled in the direction of the Communists in an attempt to unsettle Mr Craxi.

This was almost certainly one for Mr Craxi calling the Via del Corso summit. Any renewal of the alliance with the Communists of the kind which underpinned the Christian Democrat-only government between 1976 and 1979 would rob him of his powers to control the fate of centre-left governments. In recent weeks, he appeared particularly worried about the two largest parties hijacking his own initiative for political reform and imposing their own bilateral agreements. This would be too dangerous a backcloth to any precipitate collapse of the Goria coalition.

parties which have governed tary at the Christian Democrat since 1980 stayed in their tents. Congress at the end of April Though his prospects look good, there is more than a suspicion that the internal factions which oppose him want to eject Mr Goria and force Mr De Mita into the premiership before the Congress. They believe that it he is premier before the parts vote, then Mr De Mits he could not stand again as secretary. However, if re-elected first, he could remain secretary while also becoming prime minister.

Some of the Christian Democrat "revolutionary guards" who are laying mines in Mr Goria's path may have different motives. Accusing fingers are being pointed at supporters of Mr Giulio Andreotti, the ciever, devious foreign minister who has rarely been out of goverament for the past 30 years. Mr De Mita's rapprochement with Mr Craxi was preceded by an equally publicised healing of a breach with Mr Andreotti whose terms, though secret may yet be a death sentence for Andreotti appears greatly interested in a girth term as prime minister and if the government were to fall before the Congress, then Mr De Mita is unlikely to stand in his way.

The powerful Andreotti may be able to halt the damage to the Christian Democrat image caused by Mr Goria's stumblings which owe something to the premier's own lack of political instinct and leadership qual-

If the government finally manages to have the budge passed by early February, it This Mr De Mita is as amtious could then just collapse from its Mr Craxi intended the first to avoid as Mr Craxi. His con- own weakness. As Mr Craxi post-election government to be centration is focused on win- observed with cliched contempt a weak one, all of the other ning an unprecedented fourth last week, "God helps those leaders of the five coalition two year term as party secre- who help themselves."

East German police arrest dissidents

"There isn't a country in the | detained four members of dissi- sonable contacts." dent unofficial human rights not an important component of movements in East Germany from the small independent the scene," he said. "It used to | for investigation into suspected be said that the Church of treason, Reuter reports from tive (IFM) group. Ms Klier is a East Berlin,

> the four as Mr Wolfgang Templin, Mr Ralf Hirsch, Mr Baerbel Bohley and Ms Freya Klier, possible charges. saying all were held for the

The first three are activists Peace and Human Rights Initiadissident theatre producer The Foreign Ministry named whose husband Mr Stephan Krawczyk, a songwriter, is

already in custody facing three

SECURITY POLICE yesterday substantiated suspicion of trea- said another activist was also detained following several house searches in East Berlin.

> the investigation into him had from Budapest. been widened accordingly. It! was not clear whether the oth- another move by Hungary to Protestant Church sources ers held faced treason charges. | break down taboos about

Hungary jobless 'may grow 20-fold' HUNGARY'S unemployment openly discussing unemploy- unemployed as "job seekers",

200,000 by 1990.

could rise from 10,500 to 200,000 in the next two years and the Government plans to It said it had been established encourage people to start pri-Mr Krawczyk had links with vate businesses in response, the "secret service-controlled cir- official MTI news agency said cles in West Berlin' and that yesterday, Renter reports The report represented

ment, which other East bloc but it dropped this euphemism countries do not admit exists. MTI said 10,500 people, or ruptcy law took effect providabout 0.2 per cent of the 5m ing benefit for workers losing workforce, were now without their jobs. work. This would increase this year to 30,000-40,000, includ- planned to introduce in the secing a large number of long-term ond half of 1988 an enterprise

last September when a bank-.MTI said the Government

unemployed, and by up to scheme under which it would give preferential loans to the Hungary used to refer to its jobless

Voest-Alpine says evidence points to Iran arms sales

8Y JUDY DEMPSEY IN VIENNA

THE general director of Voest-Alpine, the state-owned Austrian steel and engineering group whose subsidiary has been under investigation since well-founded.

Belgian plea

over deadlock

MR JEAN-LUC Dehaene, the

that the company's own internal investigation into the trad- trading activities after the Ausing activities of Noricum, the trian media alleged that the ingly sold arms to Iran."

group's weapons division, had "hardened the suspicion that there were direct Noricum weapons deals with Iran" Mr Lewinsky said that during September on suspicion of ille- the internal investigations a day repurchase rate, which 10 per cent - dealers believe gally selling arms to Iran, said bond which guaranteed a weapforms the upper marker, by a the Bank of France cut will yesterday the latest evidence one contract delivery had been mer head of Noricum, was makes it seem more likely that found but he did not say who the allegations were signed the bond or who was detention for his alleged responsible for the transaction. Last September the Austrian Mr Herbert Lewinsky said in a radio interview yesterday authorities opened an official investigation into Noricum's

company had sold cannons and munitions to Iran in 1985 contrary to Austrian law which forbids the export of weapons to countries at war. The deal was worth \$300m.

Mr Peter Unterweger, the fordetained and has remained in involvement in the deal But so far no charges have been made against him.

Voest-Alpine said recently that the company "never know

mediator appointed to solve Belgium's political deadlock, said yesterday he would need time to restore confidence. AP

Mr Dehaene, whose Flemish Christian Democratic Party suffered losses in December's elecbe difficult. Without clear Mr Dehaene's party was

beaten in the elections and thus

prevented from renewing the

centre-right alliance it led with conservatives. Its French-speaking Christian Democratic counterpart and the Flemish and French-speaking

centre-left coalition.

Sweden calls off inquiry into Bofors bribes claim BY SARA WEBB IN STOCKHOLM

AN INVESTIGATION in Sweden into whether Bofors, the Swed- cutor investigating the Bofors ish weapons manufacturer, case, said that he had been paid bribes of SKr319m unable to obtain information (£29.8m) to secure its SKr8.4bn from the Swiss banking author-Howitzer contract from the itles concerning three secret Indian government has been bank accounts in Switzerland called off because of insuffu- and in particular who stood to cient evidence.

days after the departure of Mr nies but denies these amounted Rajiv Gandhi, the Indian Prime to bribes. Minister, from Stockholm Swiss banking secrecy had week. Mr Gandhi adamantly beneficiaries.

Mr Lars Ringberg, the prosebenefit from the payments. Bofors claims that it paid the

The announcement comes two SKr319m to consultancy compa-

where he took part in the six- made it impossible to discover nation initiative meeting last the identities of the ultimate refused to answer any ques- Swiss banking authorities tions from the press related to rejected requests from Swedish the Bofors affair during his police to reveal details of the account holders.

Ozal less ambitious on inflation By Jim Bodgener in Ankare

THE new Turkish government NATIONAL income and indus- or any figures for industrial of Mr Turgut Ozal, the Prime trial production growth rates growth. Minister, will seek lower among East European Comecon growth and less ambitious members fell last year, accord- rose by between 1.5 and 2 per inflation goals in 1988, accord- ing to estimates published yes- cent, Pravda said, but added ing to a macro-economic policy terday in Prayda, the Soviet that "the speeding up of the package put together by the Communist Party daily, Reuter re-organisation of the industrial recently created Higher Plan- reports from Moscow, ning Council.

The plan, which has to be submitted for parliamentary approval, is the most detailed list of economic targets yet made in Mr Ozal's second administration which follows the general election on Novem-

The package means the Gov-

ernment has chosen to rein in

growth and seek tighter budgetary austerity, rather than attempt to sustain the high growth rates of recent years at the expense of budgetary and balance of payments problems.

The Council chose the lower of two scenarios drawn up by the State Planning Organisation envisaging 5 or 5.5 per cent growth. A similarly conservative target of 5 per cent was set for 1987, but the economy in fact expanded by about 6.8 per cent, viewed in some quarters

as overheating. Chastened by the failure to bring inflation down anywhere near the 20 per cent target set for 1987, the planners have opted for around 30 per cent in 1988. The consolidated budget will probably be set at around TL19 trillion (\$17.2bn).

Exports will continue to grow, to around \$12bn in 1988, according to the package. Imports will amount to about \$15bn. Foreign debt servicing will total \$6.8bn in 1988 against fresh external borrowing of \$6bn. Of the total repayments, \$3bn will be principal. Unofficial estimates say that total ager at Jaslo, Mr Wieslaw outstanding foreign debt Nawrot, boosted membership of increased by 10 per cent in 1987 the official union from 55 per to \$35bn. The Council was created

> The core Council membership includes Mr Kaya Erdem, the

economic policymaking.

East Europe shows slower growth in national income

Pravds, highlighting Soviet demands for economic reform within the trading bloc, said preliminary figures showed national income grew 3 per cent in 1987, while industrial production went up by 3.7 per cent. The 1986 figures were 4.2 per cent and 4.7 per cent respectively.

Taking each country individually, the figures showed East German national income and industrial production up by 4 and 3.7 per cent respectively, against 4.3 and 4.0 per cent in

National income in Hungary structure and the improvement of the economic balance was unsatisfactory. Hungarian agriculture had been hit hard by frost and drought, with the result that production was down on the previous year. In Czechoslovakia, Pravda said new frontiers were reached" in national income and industrial production, over the 1986 figure of 3.2 per cent in both sectors. But the decisive breakthrough in transferring the economy on to the lines of intensification was not

achieved," it added. Overall production in Romania grew by 10 per cent in the last two years, with agricul-In Bulgaria, national income tural production showing a rise rose by 5.1 per cent over the of 20 per cent. Polish industrial previous year, Pravda said. It production grew by a little over did not give a figure for 1986 3 per cent.

Czech Prime Minister may be forced to quit

BY LESLIE COLITT IN PRAGUE

CZECHOSLOVAKIA'S reform- cal" that he had merely been minded Prime Minister. Mr head of government for 18 cal differences.

Czechoslovak leader since the favoured Mr Lenart as his sucearly 1960s for failing to carry cessor. out economic reforms The Prime Minister's outburst

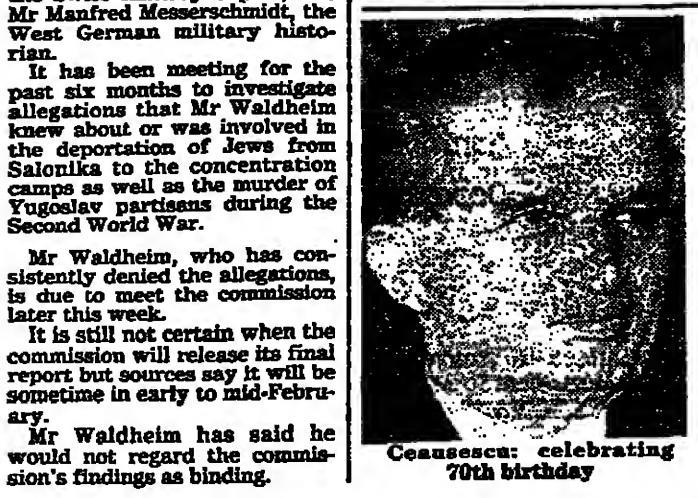
to the Western media reflected his virtual relegation to the status of a non-person within the party leadership. In December, the party under Mr. Jakes quickly took over formulation of new economic reforms.

Lubomir Strongal, may soon be years.

eased out of office by the new Mr Strongal used to be conparty leader, Mr Milos Jakes, sidered a likely successor to Mr because of personal and politi- Gustav Husak, who stepped down as party leader in Decem-Mr Strongal stunned the ber while remaining Czechosloparty last week when, in an vak president. Mr Husak's interview with West German future is also in considerable journalists, he criticised every doubt as he is believed to have

> The Prime Minister is to play host to Mr Helmut Kohl, the West German Chancellor, who arrives in Prague today. It could be one of his last official

Contenders for Mr Strongal's post are Mr Ladislav Adamec. the Prime Minister of the Czech Republic, and Mr Josef Lenart, Mr Strongal could lose his the Slovak party leader. The



Solidarity protests at union pressure

BY CHRISTOPHER BOBINSKI IN WARSAW

Polish town of Jaslo have pro- tion, a joint venture being of a Solidarity protest. tested against pressure being organised with ICL in which One of Furnel's first moves put on workers at a furniture the British computer company has been to cut back excess factory involved in a joint ven- holds a 35 per cent share. ture with the UK to join an offi- Furnel will assemble and mar- and this month 25 workers at by the Austrian Government to cial trade union or risk losing ket Western computers which Jaslo, which employs 560, have investigate the wartime activities of Mr Kurt Waldheim, the

55 employees at the plant will employ 4,500 at six plants Solidarity agree that redunwrote to the local prosecutor in Poland, is one of the largest dancies are necessary but is charging that unlawful pres- joint ventures to be set up protesting against management sure was being brought to boost under legislation passed in pressure to join the new union.

SOLIDARITY activists in the Furnel International Corpora- involvement has been the target

heir jobs.

will be paid for by exports of been told they will not be joinAt the beginning of this year Polish furniture. Furnel, which ing Furnel.

BY JUDY DEMPSEY IN VIENNA

THE British Foreign Office

is seeking an explanation

from the Romanian ambas-

sador as to why a falsely

written letter of congratula-

tion, allegedly sent from Buckingham Palace, was

published in Lumes, a

weekly.

Romanian foreign policy

The weekly, which tends

to focus on the activities

and personality of Mr Nicolae Ceausescu, the Roma-

nian president and party

leader, who celebrates his

labour at Polish participants

70th birthday today, pub-

lished what it reported to

be a letter of congratuia-

tion from Queen Elizabeth

Mr David Mellor, Foreign

Office Minister of State.

told Mr Stan Soare, the

Romanian ambassador in

London, that "the letter was

false and an insult to Her

Majesty. Her Majesty has

sent no birthday messages

to President Ceansescu. It

is not her practice to send

birthday messages to other

to the president.

heads of state."

the official union.

cent to almost 100 per cent of his workforce by telling early in January to streamline employees that their chances of getting jobs with the venture would improve if they joined Ironically, almost all those Deputy Prime Minister, and given their notice were new three other ministers who deal union members apart from two, | with the economy, Mr Yusuf | position as early as next March Federal Constitu one of whom was Mr Bronislaw Bookurt Ozal, Mr Adnan Kah- at an expected plenary session that if the President is a Slo-

The false, fulsomely-

worded letter contained the

message: "We in Great

Britain are impressed with

the determination with

ally, Mr President are a

statesman of world stature

with widely recognised

Although Mr Ceausescn

was received by the Queen

when he visited Britain in

1978 and stayed in Buck-

ingham Palace and although

excellence."

union membership. The plant is 1986. It is the first time an According to the workers, over one of the Polish participants in enterprise with Western the past six months the manthe plant for 10 years.

Vladysz, 36, who has worked at veci, and Mr Ahmet Kurtcebe of the central committee. In the vak, as Mr Husak is, then the one of the Polish participants in enterprise with Western the past six months the manthe plant for 10 years.

Alptemocin. False Ceausescu letter 'insults Queen'

Mrs Elena Ceanseson

received an honorary fel-

lowship from the Royal

Institute of Chemistry and

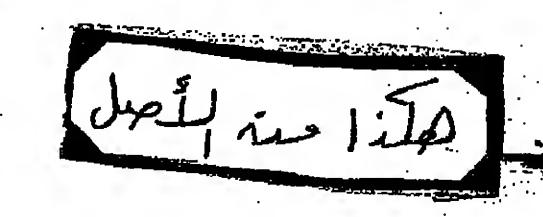
was made an honorary pro-

which you affirm your inde-pendence You personfessor at the Polytechnic of Central London, relations between the countries have become more reserved. This is partly because of Romania's poor human rights record. Mr Ceausescu, in power

since 1965, celebrates his birthday against a background of growing but disorganised unrest.



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plays between Latin Amer-

Mr Goszalez has been off.

setting his criticisms of US

policy in the area with advice to President Ortega that he should soften the totalitarian aspects of the

ice and Europe.

Reagan likely to trim Contra aid request

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan is gua keeps its promise to expected to scale down sharply democratise in a way accept-his request to Congress this able to Washington and to comweek for more aid to the Nicar- ply with the regional peace aguan Contra rebels Faced with a possible defeat Oscar Arias of Costa Rica.

old

OWS

iser

it

1413X

The Democrats — who hold fil their promises.

najorities in the House and At the weekend, President majorities in the House and Senate – have increased pressure for a compromise by argaing that more lethal aid for the
Contras would jeopardise the
delicate Central American show that is what the people

However, both the White to the Washington Post and House and Congress are sax. New York Times, and embarious to ensure that the San-goed for publication until yesdinista government in Nicara terday

BY APHENA DAMIANOS IN NASSAU

plan drawn up by President next month if he presses for One option apparently gainlethal aid, Mr Reagan, who has made Contra aid a benchmark of his presidency, is likely to put forward a compromise package worth about \$50m, comprising mainly non-lethal assistance.

One option apparently gaining favour is for a small amount of lethal aid to be put in an escrow account pending an assessment of the peace negotiations. Under the plan, the lethal aid could be unfrozen if the Sandinistas failed to ful-

wish." The letter was also sent

Bahamian bank fees raised

Mr. Reagan rejected Mr Ortega's renewed call in the letter for direct US-Nicaraguan talks. US officials described it as aimed more at influencing the key Congressional votes on Contra aid set for February 3

The Contras are set to begin their first direct talks with representatives of the Sandinista government in Costa Rica this week. Cardinal Miguel Obando y Bravo of Managua, a critic of the Sandinistas, is expected to act as a mediator in the talks which will cover arrangements for a ceasefire inside Nicara-

At the weekend, the Sandinistas reported that they had shot down a Contra supply sircraft inside Nicaragua, a sign that the civil war is continuing despite the planned peace talks.

Lionel Barber reports on Senator Simon, the candidate from Illinois Ortega seeks The plain-tailored Democrat Spanish

SENATOR PAUL Simon of Illi-

nois wears a bow-tie, two hearsupport ing aids and has a natural face At 59, he may be the oldest By Tom Burns in Madrid NICARAGUAN President

Democrat presidential candidate but he is also possibly the Daniel Ortegs is to arrive shrewdest. Making a virtue of here today to enlist Euronecessity, he has literally taipean support and sympathy lored his image to his principal by way of Spanish Prime Minister Felipe Gonzalez in campaign theme: authenticity, consistency, the what-you-sechis bid to avert further US is-what-you-get Democrat. sid to the Contra rebels. In a volatile Democrat race where issues of character issue Mr Ortega's mission underlines the bridging role dominated the early stages -Senator Joe Biden's plagiarising that the Spanish premier

and former Senator Gary Hart's adultery — Senator Simon's steady message helped set him apart from the rest of the field. The visit of Mr Ortega, described as an official His early rise in the polls working visit, was hurriedly undermined what six months arranged at Nicaragua's ago appeared to be party gos-pel: that the Democrats needed request last week as President Ronald Reagan to turn, just as they did in 1960 announced his decision to with Mr John F. Kennedy, to a seck a new humanitarian generational candidate to sucaid package for the Conceed an ageing two-term incum-

around \$150bn in 1988.

Senator Simon, like most of his Democrat rivals, has his youthful rivals, Senator Simon laundry list of spending plans can point however to a long which begin with a New Deal- political track record stretching style public works programme back 34 years when he first ran aimed at cutting the national unemployment rate which is nois. His pre-occupation with currently 5.8 per cent, the low- social issues has been an endurest level for nearly 10 years. ing theme in local and national "We can do better," says Sena- politics, where as a one-term tor Simon who costs his pro-\$13bn in two years reaching 3m

President Simon would fund ciary). these and other works by cutting Pentagon spending by \$20bn in real terms, persuading despite his early anti-machine NATO allies to share more of credentials, he ran as Mayor three years without raising NATO allies to share more of the defence burden (a refrain Richard Daley of Chicago's heard from all the Democrat anointed candidate for the govcandidates), and engineering a ernship of Illinois. While he Gephardt of Missouri. Senator two-per-cent drop in interest was soundly beaten, he recov-Simon promptly listed five rates over three years. For ered to take a Congressional "I am not a neo anything.". kinds of Federal taxes he would those who express disbelief in seat in 1974. Ten years later, as says Senator Simon, a Lutheran impose "as a last resort" to bal- the accounting, one of Senator the acknowledged underdog, he

(save the long-shot former gov- further srms control pacts with himself written out of the race.

ernor of Arizona Mr Bruce Bab- the Soviet Union. The Simon bitt and the fading former Sen-ator Gary Hart) proposes overstretched in its global comraising taxes to cut the Federal mitments - the very reverse of budget deficit, expected to be the Truman Doctrine after World War II.

Unlike some of his more as an anti-Mob Democrat in Illi-Senator, he sits on four highprofile committees (Budget, Foreign Relations, Labour and Human Resources and Judi-

Yet there is a tough, practical side to Senator Simon. In 1972 impose "as a last resort" to balminister's son turned newspaper owner-editor whose campaign has been built on what he
calls the traditional Democrat
heritage: jobs, health, education, civil rights and the champloning of the dispossessed.

Lately, however, the lead
which Senator Simon enjoyed in
lowa, where local cancuses kick
off the Democrat race in two
weeks time, has eroded. His
rivals, seeking to dent the candidate's "Simon-pure" image,
have found their target in the

impose "as a last resort" to balance the budget: an oil import
fee, a wealth tax (on individuaindividual tax (on individual
rivals as teady answer: "lan't
als earning more than \$100,000
Senator Simon's campaign ads in Iowa
provides a ready answer: "lan't
at time to believe again?."
Senator Simon calls himself a
Truman Democrat, after President Harry Truman of Missouri.
But the two do not evoke much
in common other than their
office, a wealth tax (on individual
rivals been built on what he
as earning more than \$100,000
Senator Simon's campaign ads in Iowa
serady answer: "lan't
such the accounting, one of Senator
Simon's campaign ads in Iowa
serady answer: "lan't
such time to believe again?."

Senator Simon of Missouri.
But the two do not evoke much
in common other than their
Mid-West roots. On foreign policy, Senator Simon opposes aid
to the Nicaraguan contra rebels
and other anti Marxist insuris in time to believe again?."

Senator Simon's supported
to time to believe again?."

Senator Simon's supported
to the accounting, one of Senator
Simon's campaign ads in Iowa
Senator Simon's supported
to time to believe again?."

Truman Democrat, after President Harry Truman of Missouri.

But the two do not evoke much
in common other than their
Mid-West roots. On foreign policy, Senator Simon opposes aid
to the Nicaraguan contra rebels
and other anti Marxist insuris he income tax on foreign ctitzens
and corporations resident in the
difficulties facing the Democrats in confronting the Reagan
to the accounting, one of Senator



Paul Simon: Radio face

"Reaganomics with a bow-

shape of a campaign pledge to

balance the Federal budget in

tie," said Congressman Richard

SAME HOURS, IN THE SAME JOB. WHY DOES ONE PRODUCE TWENTY PERCENT MORE THAN THE OTHER

The man standing on the left is a typical

He's no brighter, no more talented than the British worker on the right.

produced 20% more.

a lot of Americans are better trained and educated for their jobs.

or on a Pittsburgh production line. And they've got the appropriate vocational

The same is true of Germany, where 2 workers out of every 3 have qualifications that are relevant to their jobs.

In Britain, however, the figure is only 2 out of every 5.

qualification system just isn't working as well as it should. It creates overlapping qualifications in some

And where they do exist they sometimes over-emphasise theory at the expense

So the government has set up the National Council for Vocational Qualifications.

Our job is to make the system work effectively

To increase the number of well-qualified

To make sure every industry, business and occupation has its own set of employment-led qualifications, designed to help increase efficiency and productivity.

Together with the Manpower Services Commission, we help employers, the unions and awarding bodies decide on the standards of competence that qualifications need to meet.

Those that do meet the standards are then stamped with the NCVQ insignia and given the title of National Vocational Qualification (or NVQ).

Some sectors have already established their standards and so we've approved the first NVQE.

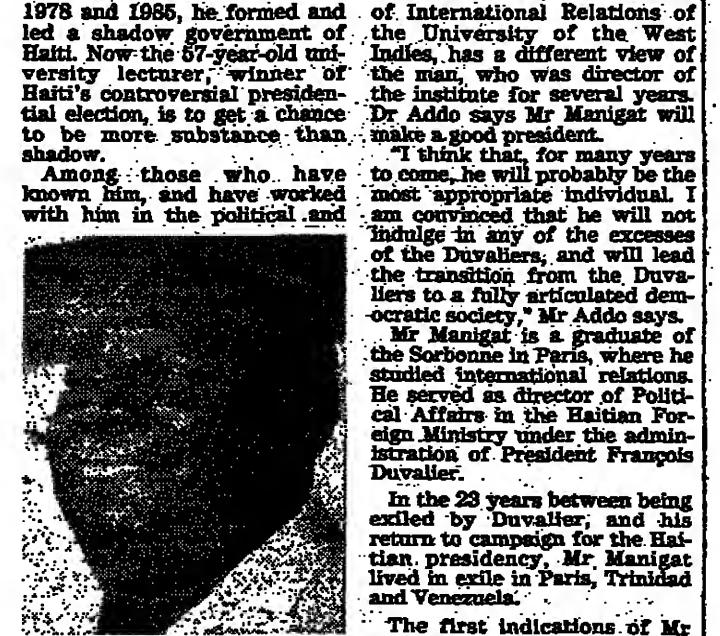
In agriculture for example. And hotel and catering.

Eventually we'll have an efficient system of qualifications that covers every industry and business.

Then, who knows?

One day it could be the British worker producing twenty percent more.

For further information on the National Council for Vocational Qualifications write to us at: 222 Euston Rd., London NWI 28Z.



San Luis in western Argentina, more are still fugitive.

A man of the right

emerges from exile

THE NEW PRESIDENT OF HAITI

Leslie Manigat: Controver-

academic worlds inside and outside Haiti, there are not many. Washington Office on Haiti, a

private monitoring group, says the new president will turn out to be a right-wing extremist. "Mr Manigat comes from a family that has a tradition of connections with right-wing black nationalists. That explains very much how, in 1957, he was one of the leading intellectuals in the Duvalier machine," suggests Mr Longch-

"It was because of his political ambitions that he got kicked out of the country by François Duvalier. He has toned down his anti-mulatto rhetoric but he has picked up on anti-communism, and will use this against

his opponents." A main source of tension within Haiti is the division (mulatto) people, in the minority, and the black majority.

WHEN Mr Leslie Manigat was But Dr Herbert Addo, a senior in exile in Venezuela between research fellow at the Institute 1978 and 1985, he formed and of International Relations of

ocratic society," Mr Addo says.
Mr Manigat is a graduate of
the Sorbonne in Paris, where he studied international relations. He served as director of Politi-cal Affairs in the Haitian Foreign Ministry under the admin-istration of President François

In the 23 years between being exiled by Duvalier, and his return to campaign for the Haitian presidency, Mr Manigat lived in exile in Paris, Trinidad and Venezuela.

The first indications of Mr Manigat's likely candidacy in the military-run elections came when he remained silent after the November 29 vote had been side Haiti, there are not many aborted by armed gangs and who have a moderate opinion of the new Haitian president. Reactions to him tend to be extreme, never grey.

Mr Fritz Longchamps of the Washington Office on Haiti. a street the communication of the washington Office on Haiti. a after the carnage that he

> His presidency - conceived in controversy, scepticism, and tension - will be made more difficult unless he changes what some of his former political and academic associates consider an underlying poten-tially destructive trait - his tendency to take advice only from himself, and to run a one-man show.

The new president also faces a period of increasing doubt at home and abroad about the basis of his electoral success. It is widely believed that he has made a deal with the army, in which Mr Manigat has undertaken not to harass the military and militiamen who have between lighter-skinned served-the Duvaliers and who have run the country for the ..past two years.







American worker.

Yet last year, despite the success of a great many British companies, the American

Now one of the many reasons for that is,

Whether they work in a Bostou boardroom

qualifications to prove it-

The fact is, our vocational training and

sectors and leaves others with none et all.

of practice.

for companies like yours.

Top dissident businessman to leave S Africa

BY ANTHONY ROBINSON IN JOHANNESBURG

MR ANTHONY BLOOM, chair- chairman of Johannesburg Conman of South Africa's Premier solidated Investments, also food and milling group and an highlights the steady exodus of "for business personal and fam- scripted for military service.

among a handful of senior busi- months has led to "exceptionnessmen who defied the govern- ally good" trading conditions ment by flying to Zambia for for the group of companies talks with leaders of the ban- after a first-half when pre-tax ned African National Congress. He remains an outspoken critic of apartheid and of what cent higher turnover of he sees as the increasingly R1.52bn. authoritarian and heavy handed government of Presi- cated heir to the former family (ANC) guerrillas or political Ciskei into a greater Transkei governmental gravy train and war when the army intervened Stamping out corruption is dent P W Botha. But, in an interview, he insisted that his decision had not been politically motivated but had been sparked off by a helicopter accident last year in which his 24-year-old stepdaughter had been semi-paralysed and sent to

England for treatment. Despite his disavowal of any political motivation Mr Bloom in London to look after Premade no secret of his dismay at mier's international and finanthe poor showing of the "lib- cial affairs and pursue private eral" Progressive Federal Party business interests. He also and strong right-wing gains at expects to remain on the boards last year's whites only general of several other South African election. His departure will fur- companies and return at least ther weaken the PFP.

executive, close on the heels of retain two homes. Mr Gordon Waddell, the former

outspoken critic of government younger executives who decide policies yesterday announced to leave for political and tax his decision to leave South reasons abetted by reluctance Africa and move to England to see their children con-Two years ago, Mr Bloom was in consumer demand in recent

Meanwhile, a strong recovery profits rose 66 per cent to R88.6m (£15.75m) on a 19 per

milling business will be succeeded as chief executive by Mr Peter Wrightson, the deputy chairman. Mr Bloom said he would remain on the board of Premier, whose leading shareholder is the Anglo American Corporation, after relinquishing Stoke Mandeville hospital in the chairmanship within the

He intends to open an office four to five times a year to The loss of such a senior South Africa where he will

Observer. Page 18.

Strauss hints at Soviet doubts about Angola

BY ANTHONY ROBINSON

MR FRANZ-JOSEF STRAUSS leader of the Bavarian wing of the West German coalition government, said yesterday that he had told President P W Botha of his impression that the Soviet Union felt it was getting "no return" from its involvement in Angola Mr Strauss was speaking at a

press conference in Cape Town after his second meeting with President Botha. He said he had brought no "secret message" from Moscow, where he met Mr sonal friend of several senior Mikhail Gorbachev, the Soviet South African politicians, flew leader, and then held talks in to a secret airstrip in Nambia Bonn with Mr Eduard Shevard- over the weekend for talks with nadze, the Soviet Foreign Minis- Mr Jonas Savimbi, leader of ter, before setting off to renew Angola's rebel Unita movement.

personal contacts with the South African Government, and meet other regional leaders including the Mozambique President, Mr Joaquim Chissano.

Mr Strauss said he had told President Botha, and Mr Pik Botha, the South African Foreign Minister, of his impression that the Soviet Union felt that it was "getting no return " from its involvement in Angola.

Mr Strauss, a long time per-

Transkei coup highlights growing role of military

by Anthony Robinson, recently in Umtata

THE NEW year military coup in ruption which reached the policy see corruption and the South African homeland of highest levels of government. oppression in the homelands as the Transkei, only two years But the Transkei, together with a consequence of the methods after that which brought milits neighbour Ciskei is home to used by Pretoria to select black kingdom of Lesotho, has under- ple. lined the growing militarisation As such it is a region on ing in the first place, they of southern Africa. It is a pro- which Pretoria keeps a close argue, to accept a form of indecess which began with the ris- eye, and in recent years it has pendence which deprived miling power and influence of the seen much to displease it. Last lions of blacks of their South

black "homelands" can be used dent Sebe's palace.

General Justin Lekhanya to Johan Coetzee, the former power after a road and rail South African Commissioner of blockade by Pretoria in Janu- Police to head a tri-partite secuary 1986. It was followed rity commission. immediately by the expulsion of ANC refugees and support- growing increasingly concerned ers from the country and a at reports of corruption, graft rapid move to "normalise" rela- and misuse of the billions of tions with South Africa on rand which Pretoria transfers which Lesotho is dependent for to the homelands every year. its trade, electricity and the With Pretoria's help the Tranearnings of over 100,000 skei last year set up a series of "instructions" from above, is

Basuto gold miners. less obvious in the latest coup ing right to the top of the tranin the Transkei which is not an skei government. It has also set internationally recognised sov- up a new joint accounting sys- . venue. ereign state but a South African tem to monitor more closely-"independent" homeland. The homeland spending. ostensible reason for the coup was to stamp out rampant cor- critics of Pretoria's homeland

tary rule to the landlocked nearly 5m Xhosa-speaking peo-leaders.O nly corrupt men or

military within South Africa February Transkei, led by Mr African citizenship. itself under President P W George Matanzima, then the In the Transkei's At the heart of the matter is led by President Lennox Sebe, established tribal hierarchy to the increased use of military nearly went to war. Transkeian promote Chief Kaiser Matan-means to ensure the security of soldiers, led by white former zima and exited or otherwise white-controlled South Africa. members of the Bhodesian silenced opponents like the late The aim is to ensure that nei- Selous scouts who trained the Paramount Chief Sabata who ther neighbouring independent 3,000 strong Transkei Defence was supected of ANC sympacountries - like Lesotho, Swazi- Force (TDF); mounted an thies. land and Botswana - nor the 10 unsuccessful attack on Presi-

The coup in Lesotho brought which despatched General thanks to a plethora of tax

In the meantime Pretoria was judicial enquiries to investigate The security connection is allegations of corruption reach-

The ANC and other radical

stooges would have been will-

In the Transkei's case Preprime minister, and the Ciskei toria rode roughshod over the Since independence TransRei,

like other homelands, has seen breaks, a ban on trade unions coupled with a 95 per cent wage subsidy and generous investment and transport subsi-

Over 120 foreign-owned plants have been built in the various development areas. The Transkei Development Corporation (TDC), whose work in the past was also debased by now braced for an expected influx of new investors from Hong Kong and Sri Lanka seeking a safe, low cost alternative

THE BLACK HOMELANDS BOMELANDS BOPHUTHATSWANA ' LEBOWA KWANDEBELE GAZANKULU KANGWANE QWA QWA KWAZULU TRANSKE " OCISKE . Indian Ocean

groundswell of opposition; been built, the hospitals are run according to General Bantu Holomisa, the 32-year-old leader of been taking bribes. We must the Transkei Defence Force jack up standards... If we want who now heads the five-man as bases or transit points for The abortive raid and threats the development of a black military council. Transkei, he The 49-year-old Harvard edu- African National Congress by Mr Matanzima to integrate bourgeoiste closely linked to the "says, was on the verge of civil military way." Matanzima, the prime minister and the former president's brother and rival in September and then his successor Ms Stella Siggau three months later.

> "It only needed someone to burl a rock at a black official car and the police and army would have had to intervene to restore order. People would have been killed and the army would have been tarred with defending a corrupt regime," he seid in an interview.

After assuming power the general called on all those with knowledge of corruption to now hangs over the survivabil-Despite progress for some the come forward. "I am the son of lity of President Sebe's regime degree of corruption at the top a chief, but I come from a rural in neighbouring Ciskel. It too sapped the entire administra- area where people are very has a reputation for corruption tion and contributed to a unhappy because no roads have and oppression.

down and even the chiefs have the people to support us we must do things speedily, in the

of the commission of enquiry has been extended to cover all areas of government. "Nobody is above the law and if the commission establishes proof of corruption criminal charges could follow leading to confiscation of property, General Holomisa added Whether the army will stamp out corruption or succumb to i

remains to be seen. The general hopes that the army will return power to a cleaned in civilian government before that can

In the meantime a question

N Korea bars Americans

North Kores announced din-

lomatic sanctions against the US yesterday in retaliation for Washington's decision to brand the country a terrorist state, Reuter reports from Tokyo: The official North Korean Central News Agency, moni-tored in Tokyo, said Pyongyang would bar Americans from entering the country and refuse to negotiate with Washington for the return of the remains of US

Korean war. "As a retalistory step against the United States . . we will refrain from meeting American dipiomats, the foreign ministry

soidlers killed during the

Israel tries to counter US doubts

By Andrew Whilley in Jerusales MR YITZHAK SHAMIR, the Israeli Prime Minister, yesterday dispatched one of his closest aides, Mr Eliakam Rubenstein, for talks in Washington in a fresh effort to counter international criticism. Mr Rubenstein, the Cabinet Secretary, follows hard on the heels of Mr Yossi Beilin, a top Foreign Ministry official. Mr Beilin desit primarily with ways of getting Israel's side of the story across in the American heartland, but Mr Ruben-stein will be focusing on presenting Mr Shamir's case against a proposed international conference on the Middle East, The visit is the latest sign of the Israeli Government's alarm at the damage done to its international image by its handling of the recent disturbances in the occupied West Bank and Gaza Strip, Israel's international stock has not been as low since the 1982 invesion of Lebanon. The Government is particularly worried about the sharp criticism emanating from the influential US Jewish com-

A new information centre has been established in Jerusalem to cope with the nearly 700 foreign journalists now in the country - 450 of whom have arrived since the troubles began last month.

Nominally a joint effort by the Foreign, Defence and Police Ministries, together with the Israel Defence Force, in reality the centre represents one fruit of the army's realisation that while it may be winning the battle on the streets, it is indisputably losing the propaganda

Arab states have also been seizing the propaganda initiative in recent days. An emergency meeting of Arab League Foreign Ministers agreed. - as their final communique said -"to begin an intensive press campaign at world level, in order to increase the isolation of Israel on the international

Demjanjuk trial

juk, the retired US car worker, accused of being the sadistic guard "Ivan the Terrible" from the Treblinka death camp, entered its final stages yesterday, with the prosecution beginning is summation, Judith Malix writes from Jerusalem. The three-judge court is expec-

US to stop new aid to Zambia

ZAMBIA has sunk deeper into trouble with its western donors following a US move to cut off new aid money and non-emergency food assistance.

The International Mone-

By Victor Meliet in Lusaka

tary Fund has already declared Zambia incligible for further loans and the World Bank has suspended the funding of aid projects. The terms of the Brooke amendment forbids new US money for countries in default for more than a

> Arrears total about \$3.8m, but the payment of just over \$1m would put Zambia in the clear again.

India to discuss withdrawal BY JOHN ELLIOTT IN NEW DELHI

INDIA last night started a week of talks in New Delhi with Sri Lanka which will cover a possible timetable for holding proviricial elections on the island and for the withdrawal of more than 40,000 Indian troops who have formed a peace keeping force since last August.

The Sri Lankan Government is understood to be planning to hold new provincial elections in March or April. Some ministers would like India to withdraw its troops before then, hoping this would placate opinion among the island's majority Sinhalese race. However timetables were not

discussed yesterday when Mr Junius Jayawardene, the Sri Lankan President, held an of the Indo-Sri Lankan agree- ment

The Sri Lankan army is training about 20,000 people to protect members of Parliament against an outlawed political group which has murdered government supporters, senior officials said yesterday, Reuter reports from Colombo. All trainees had been recommended by 143 members of Parliament belonging to the ruling United National Party, which has come: under attack from the outlawed Janatha Vimukthi

opening round of talks with Mr Raffy Gandhi, the Indian Prime Minister, on the implementation

Peramuna

ment reached last August on the island's Tamil ethnic Mr Jayawardene arrived yesterday morning in New Delhi

where he is the Government's chief guest at today's Republic Day Parade. A draft of a proposed treaty of peace, co-operation and friendship between the two countries was tabled yesterday by Mr Jayawardene. India,

however, is treating the proposal with caution. It is concerned that such a treaty might reduce the right to a say in some of Sri Lanka's defence and foreign policy issues which it gained through side letters annexed to last August's agree-

The trial of Mr John Demjanted to deliver a verdict some time in March or April.

WORLD TRADE NEWS

Tokyo embarrassed by S African trade links

BY IAN RODGER IN TOKYO

THE TOKYO Government is extremely embarrassed about Japan's emergence as South Africa's leading trading partner. But foreign ministry officials point out that this unwished-for title has descended on the country because of the rise of the yen; there has been no increase in trade between the two coun-

The adverse publicity surrounding this development may push the Japanese Government into taking additional sanctions against South Africa. But sharp divisions exist within the Government over the need for further action; some officials claim that Japan's sanctions are already tougher than those of most Western countries. The Government has now

confirmed reports that Japan has displaced the US to become South Africa's largest trading partner. US trade with South since an anti-spartheid law was enacted by the US federal government in 1986.

Monetary Fund statistics, the among South Africa's trading partners in the first seven months of last year, while Japan was a clear leader, 13 per cent ahead of West Germany in second place and 59 per cent ahead of the UK in third.

declined by 24 per cent.

Total of imports and exports

In terms of US\$bn 3.59 607 Average exchange rate Source: Japan Tariff Association

S.AFRICA'S MAIN TRADE PARTNERS 1987 (Jan-July)

Country (U\$\$bn) W.Germany

Africa has dropped sharply other countries. Their sanctions

of certain strategic products. According to International US slipped to fourth place products have not displaced US ones since the US withdrawal. They admit there could be some movement of Japanese goods into South Africa through agents in third countries, but say many Japanese companies were now highly sensitive to the South African problem and are trying to prevent this hap-In dollar terms, Japanese

trade with South Africa rose 24 pening. "We do not have anything to per cent between 1984 and last year, while in yen terms it Japanese officials think they

JAPAN-SOUTH AFRICA TRADE

anese company was caught selling sophisticated machine tools to the Soviet Union- "which tions.

was a clear violation." Some officials also believe the Government should put pressure on certain key exporters to South Africa to restrict their lines. exports to that country. For example, Japan's exports of cles to South Africa increased

"Some Japanese commercial companies' behaviour does not icy," one foreign ministry offi-cial said. But there is no conagainst South Africa include sensus within the Government restrictions on investment, to put pressure on exporters. travel and imports and exports Similarly, there appears to be no agreement on whether the They also claim that Japanese country's policy should be to continue to put political pressure on the South African Government or to press for full eco-

nomic sanctions. Officials said the Japanese people's lack of awareness about the South African situation made it difficult to win political support for tougher action against the South African government.

They hoped that Cry Freehide," a Foreign Ministry offi- dom, the Richard Attenborough cial said. This is not like film, which is to open in Japan

Alcatel clinches Peking contract

By David Thomas

ALCATEL: the telecommunications equipment joint venture between CGE of France and ITT of the US, has clinched a deal worth more than FFr580m (\$50m) to help modernise Peking's telephone network.
The Chinese authorities have recently awarded a number of contracts as part of their drive

to upgrade China's communica-Alcatel will supply and instal 10 of its E10 digital public. exchanges and 12 satellite exchanges, totalling 155,000

Part of the deal involves Cables de Lyon, Alcatel's cable iron and steel and motor vehi- subsidiary, providing telecommunications cables worth

Alcatel will also supply two microwave telecommunications reflect the Government's pol-links covering more than 2,000;

Algeria ties up Spanish gas search accord

ALGERIA has concluded major oil and gas exploration of a threatened international pact with the Spanish company trade union boycott. CEPSA in the second such deal under a new law permitting greater foreign involvement in the sector, Energy Ministry officials said, Reuter reports from Algiers. The terms of the contract Cocom" - a reference to the inci- soon, would have an effect on between the Algerian state oil company Sonatrach and the

> The pact was similar to one close to winning a SKr60m worth about SKr60m. The inisigned between Sonatrach and the Italian oil giant AGIP in mobile telephone system to ther contracts as the mobile December. That pact was the first signed after a new law came into force

gas industry

OMAN, faced with a Rial 194m Last April, the US imposed eign chipmakers' access to the such chips requires company- Rials 6m is to be spent develapanese market. to-company agreements and can oping three gas production Since last July, imported take up to 18 months, the offi- plants this year, the officials

Mary Helen Spooner reports on the ending of tariff concessions Chile faces cut in exports to US

THE RECENT decision, on allows workers to form unions, rulssion and the country's larglabour rights grounds, by Presi- to bargain collectively and to est labour organisation, the dent of Chile's association of dent Ronald Reagan's Adminis- strike within certain limits. national workers command, non-traditional exporters; also tration to remove Chile from Labour unions are allowed to urged that sanctions be applied. criticised the measure and said theUS generalised system of operate on a company, rather A member of a government that improvements in the counpreferences (GSP) has provoked angry nationalistic reac- strikes may be held only after tions from General Augusto Pinochet's military regime.

The move was accompanied by a measure to end activities in Chile by the Overseas Private Investment Corporation (OPIC), which insures US investment abroad. The GSP, begun in 1976, was

designed to encourage non-traditional exports from developing countries, by allowing some duty-free imports into the US. In 1986 Chile exported \$59m worth of products to the US under this programme. Preliminary estimates from last year put Chilean exports under GSP at around \$85m. Without benefit of GSP, some 200 Chilean products, including

manufactured goods, mineral

and agricultural products, will

face import taxes ranging from 0.3 per cent to 35 per cent. The US labour organisation, the AFL-CIO, had for years criticised the Pinochet regime's labour practices, and repeatedly urged that sanctions be applied. Most trade union rights were suspended after the 1973 coup which brought the regime to power, and only partially reinstated in 1979, in the face

than an industry-wide basis, contract negotiations fail and employers are allowed to fire striking workers after 59 days'

work stoppage. Chilean trade union leaders opposed to the regime have been arrested, deported and in some cases murdered. The 1982 killing of the moderate president of Chile's public employees union, who had been under heavy police surveillance, has yet to be solved.

beaten by right-wing thugs who \$2.5m. broke into his home. A few months later Chilean authorities ordered the arrest of two labour leaders for their part in an unsuccessful one-day general strike. The labour leaders death threats while in prison. The Reagan Administration. decided to examine Chile's labour practices two years ago and, early in 1987, said it would delay removing the coun- : please any government in any

try from GSP for another year in the hope that Chile's labour record would improve. In the interim, a succession of lobbyists argued in favour and against the proposed sanction. would be harried by the US against blocked capital and The Chilean human rights com- move.

such a measure.

of our legislation and would unemployment and underemthereby be suspended indefi- ployment. nitely from GSP benefits. Central bank officials calculated

ister said that the country's leg- began reinvesting in the counislation "will not be altered to try, country", and accused the US of Tercera, the pro-government tabloid newspaper, reported

Mr Julian Burgos, the presiadvisory body, the president of try's labour code would not Chilean-American chamber of necessarily translate into better commerce and two pro-govern- conditions for Chilean workers. ment labour leaders visited He said that many employers Washington to argue against did not comply with existing labour standards regarding On Christmas Eve Mr Alan minimum wage levels, which he Holmer, deputy US trade secre- said were among the lowest in tary, announced that Chile "has Latin America, and attributed not complied with the demands these abuses in part to high

The decision to halt the overthat the measure would affect sess private investment corpo-Last year a trade unionist about \$40m in exports this ration insurance for US inveswho spoke to Pope John Paul II year, a significant reduction tors in Chile may have greater during the pontiff's visit to a from previous years, with consequences for the country's Santlago: slum was savagely added import duties of about figureial climate. OPIC withdrew from Chile during the Although the measure seems socialist government of Salvaunlikely to make much of a dor Allende (1970-73), which dent either in Chile's trade bal- nationalised several US Holdance in particular or economy ings, including copper mines in general, the Pinochet regime partially owned by US mining was quick to react. Mr Harry companies, without compensareported they had received Barnes, the US Ambassador, tion. The corporation made a was summoned to the Chilean belated return to Chile in 1985. Foreign Ministry to hear an almost a decade after US minofficial protest. The labour min- ing companies and other firms

> "imperialist aggression." La extended to US companies operating in Chile \$283m in insurance coverage against exproprithat 200,000 Chilean workers ation, and another \$271m

have been unjustly criticised by dent last spring in which a Jap- public opinion. Microchip imports level off

JAPANESE imports of foreign- longer dumping, or selling market has hovered just below made microchips appear to below cost. have levelled off after hitting a peak in the April- June quarter of last year, an official at the Ministry of International Trade and Industry said yesterday, Renter reports from Tokyo. Washington has charged Japan with failing to widen for-

eign access to its domestic

microchip market. In retalia-

tion, Washington still imposes

\$165m-worth of sanctions on the US. \$135m-worth of sanctions but later removed them after saying Japanese makers were no chips' share of the Japanese cial said.

chip purchases rose to a high of cial said.

12.6 per cent in the April to
June quarter from 10.3 per cent
in September 1986 when Japan chip purchases initially rose as and the US signed a pact on they bought standard items microchip trade, according to a which could easily replace Jap-Ministry survey of 63 Japanese anese products.

microchip users. Japanese market.

the April-June peak, totalling 12.5 per cent in the July to Sep-Foreign-made imports as a tember quarter and 12.4 per percentage of Japanese microcent in October, the MITI offi-

But further gains would (\$277m) budget deficit for fis-Tokyo pledged under the pact require buying chips specially cal 1988, intends to upgrade its selected Japanese exports to to avoid dumping chips in over- designed for use in specific Jap- natural gas industry, officials seas markets and to boost for- anese products. Development of said yesterday, AP-DJ reports.

Oman to 'upgrade'

non-Algerian companies.

The Chilean labour code Ericsson close to mobile BAe to set up venture phone deal with India

Spanish had been agreed, and the second would be signed ERICSSON, the Swedish tele- a mobile telephone system in BY SARA WEBB IN STOCKHOLM

The deal could open the door removing many barriers which to several large contracts for restricted the scope offered to mobile telephone and public telecom equipment this year. The Swedish group also plans to tender offers for public telecommunication exchanges this spring in an attempt to secure a significant foothold in the Indian telecom market. Ericsson has for a long time wanted to establish its equipment in the Indian market.

> It regards India as an important market for the future, but so far has not won any substantial orders there. Ericsson, Motorola, and NEC have been short-listed to supply

telephone system is built up. The Swedish equipment is regarded as the favourite from the technical point of view. The contract is regarded as a "door-opener" to the expanding Indian mobile telephone market. New Delhi has plans to set up mobile telephone systems in 14 major cities and has said it hopes to have one telephone in every village by the end of the

Tenders have also been invited for eight large trunk exchanges and for four international exchanges in projects financed by the Asian Develop-ment Bank. Ericsson intends to submit its AXE switching equipment for the offer.

with Singapore group BY ROGER MATTHEWS IN SINGAPORE

dum of understanding to set. up a joint venture company. with the Sheng-Li group of Singapore, which will mainly involve its two subsidiary companies, Singa-pore Aircraft Industries and Singapore Technology Corporation In addition to marketing a range of British Aerospace defence products and associated equipment, it is intended that the joint ven-ture company will have a technical role in the manu-

ment of new products and

BRITISH AEROSPACE yes-

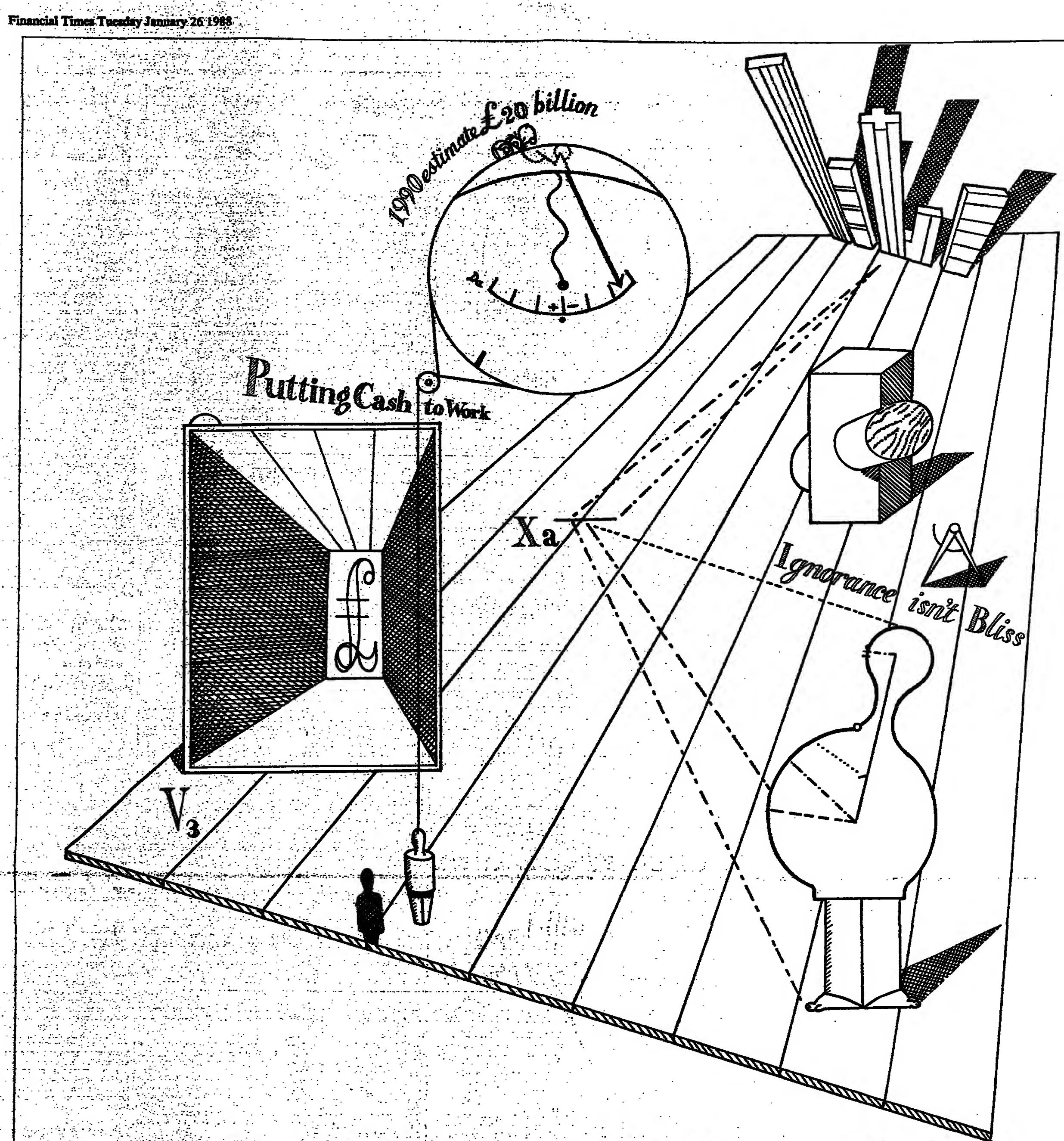
terday signed a memoran-

facturing, integration and servicing of a range of the British company's products and components. It will also participate in the develop-

the expertise which the Singapore group has developed in marketing defence related products in the region. It also fits in with British Aerospace's declared aim of reducing production costs in an area where Singapore has already shown it can compete efficiently.

British Aerospace has concluded similar arrangements for specific products in other countries but the Singapore joint venture appears to be more broadly The British company has

well-established links with Singapore, stemming from its sale of Hunter and Strikemmster aircraft, together



Can British business afford to overlook the burgeoning costs of business travel?

By 1990 British business will be spending some £20 billion a year on travel. That's four times what they will be spending on advertising, three times the rates bill, half as much again as the government will take in Corporation Tax. Independent research, commissioned by American Express, reveals that almost half the financial directors asked, believe that their company's travel costs are outstripping turnover.

Travel expenditure cannot be ignored. It repays careful consideration. The 1987 American Express study,

published today, examines closely the policies and procedures of travel expenditure management. Shows how careful purchasing, based on sound information and clearly spelt out policy guidelines, can lead to real savings; without sacrificing services to the traveller.

For a copy of the survey, price £115, or a complimentary 'Management Overview' please call 0800 373 555 free, or send this coupon with your business card.

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BY VICTOR MALLET IN LUSAKA

ine in 1988 and food shortages for years to come, has finally announced plans to increase agricultural production along the lines suggested by foreign

In a cautious move towards incentives and away from absolute state control, the Marxist Government has announced a 10 per cent increase in the prices paid to farmers for their produce and a liberalisation of grain marketing to encourage private traders.

The price increase is the first since 1980. Donors regard the agricultural reform. As long ago as March, 1986, the European Community and

ETHIOPIA, threatened by fam- for Ecu230m (\$160m) but the money has not been disbursed because of the Government's reluctance to change course. Collectivisation rather than individual incentives has been the hallmark of the Ethiopian

> Although donors are agreed that it is essential to follow up emergency aid with money for long-term development, many are unwilling to fund policies such as collectivisation which they believe have failed elsewhere and will fail in Ethiopia.

Agriculture is fundamental to Government's announcement as Ethiopia's economy, providing an important first step, but it about 85 per cent of employremains to be seen if the shift ment, 80 per cent of exports in policy is radical enough to and nearly half of the gross unblock hundreds of millions of domestic product. Food output, dollars in aid money tied to reduced by drought, soil erosion and backward farming methods, has been unable to keep pace with population Ethiopia a signed an agreement growth.

CONFERENCE

Civil Aviation in the

Pacific Basin:

The Pattern of

the Future

such as airline mergers and

acquisitions. "In considering

commercial developments, gov-

ernments and industry must at

least give equal weight to

issues like competition and con-

sumer choice as to nationality

lines has nothing to fear from

The impact that Japan was

having on air travel was high-

lighted by Mr Mitsunari

Kawano, senior managing

director of Japan Airlines. The

huge increase in passengers

would continue, he predicted,

because it was only outside

Japan that its people could

really appreciate the benefits

accruing from the rising value

However he, too, was deeply

concerned about American poli-

cies and the tight restrictions

on Japan Airlines' flights to the

US. "We endure facing severe

competition, but we insist that

the opportunities should be fair

and equal." The same argument

applied in the field of computer

reservation systems, where for-

eign carriers remained at a seri-

The issue of how to finance

the vast increase in world air

traffic was taken up by Mr

Michihiro Sekiya, a director of

the Mitsubishi Trust Bank. He

said that it was expected that

the total value of new deliv-

eries of some 5,000 aircraft

between now and the end of the

century would amount to some

\$220bn in terms of 1987 dol-

Aircraft financing had

become a packaging business,

he said, which went beyond the mere ability to provide finance.

Banks which engaged in aero-

space needed a far wider and

more profound knowledge and

they needed to have a mastery

of relevant tax issues, account-

ing systems and financing alter-

Mr Michael Jones, director

ous disadvantage.

of the yen.

American megacompetition."

Asia-Pacific growth in air traffic poses new challenges

BY ROGER MATTHEWS IN SINGAPORE

THE ASIA-PACIFIC region is not only the largest air transport region in the world, it is also the fastest-growing and is likely to remain that way for much of the next decade. The opportunities and challenge that this was producing provided the main theme for speakers at yesterday's opening session in Singapore of the Financial Times conference on Civil Aviation in the Pacific Basin: the Pattern of the Future.

The International Civil Aviation Organisation has forecast that passenger traffic in the region will grow at an annual average rate of about 11 per cent up to 1995 and that by that time the airlines within the region will account for about one third of all world scheduled air traffic.

Mr Michael Miles, chairman of Cathay Pacific Airways, said all the main airlines in the region and on trans-Pacific routes were operating at high load factors using large widebodied aircraft. "Yet there ownership. Efficiency, not size appears to be no slackening in alone, is the best survival stratgrowth rates or demand for egy. That is why Singapore Air travel both to the region from Europe and the US, and from within the region itself," he

said. The rapid rise in the number of Asian travellers would soon dwarf the number of visitors from outside the region and he expected that the wish of the Japanese Government to see an annual level of 10m oversess trips by Japanese passengers would be achieved more rapidly than forecast.

The regional airlines would not be able to cope with this large increase in demand by operating larger aircraft. On the longer sectors they were already using Boeing 747s almost exclusively.

In the past, many of the problems created by growth had been solved by automation, said Mr Miles. However this could not be the solution to problems such as additional cockpit crew or cabin staff where airlines were now having to compete harder for personnel. It would also not solve the problems posed by slow immigration procedures in certain countries or obstructive customs inspec-

Mr Miles also stressed that little had been done about inefficient air traffic controllers or the inadequate equipment on which they relied. He was further concerned about the potentially dangerous disregard for civilian air traffic control shown by some air forces in the

Government involvement in traffic rights was certain to continue, said Mr Miles, although he hoped that it would be with a lighter touch. A greater degree of liberalisation on this issue by governments in the region would reveal that the stance of the US on international traffic rights was "transparent and indefensi-

Dr Cheong Choong Kong, done in Asia. Leasing was also a disaster. managing director of Singapore a relatively undeveloped indus. The idea behind the market Since few brokers want to be Airlines, developed this theme try. But because of the changes was simple. With the lumbered with the reputation which he described as his air- occurring in the industry he Over-The-Counter market fac- of producing the market's first line's number one hobby horse, predicted that there would also ling the threat posed by the failure, they have been He emphasised the benefits be changes in the traditional restrictive provisions of the extremely cautious about the which had accrued from domes- reluctance of Asian airlines to Financial Services Act. the tic deregulation in the US and use advisers in assisting financ- Stock Exchange decided to was hopeful that moves in ing options and developing new establish a new trading forum Europe towards liberalisation structures. were acquiring greater momen-

However, the pace was not said he expected to see banks fast enough and airlines were having to turn away passengers on some routes. A trigger mechanism should be introduced, he said, whereby when an agreed load factor was achieved over a defined period each airline would automatically be allowed to put on additional capacity more attractive levels. without the need for lengthy bilateral negotiations. This trigger mechanism would be totally market-oriented, and would who outlined developments on opened, many commentators

tries concerned.

Tube fire 'probably started by match' Financial Times Reporter

THE KING'S Cross underground station fire in London, which killed 31 people, was probably started by a dropped match, the disaster

inquiry heard yesterday. Experts believe the match. ignited inch-thick grease and fluff, and that the fire was assisted by gaps in an escalator and by ceiling paint.

Mr Roger Heriderson, QC, counsel to the inquiry, told a preliminary meeting considering technical evidence that there was a consensus among experts about how the fire began. Formal hearings are due to start on Monday and last about three months.

The fire is believed to have started at about 7.30pm on November 18 last year, on an escalator to the Piccadilly Line. Mr Henderson said most

experts agreed that an accumulation of grease, fluff and debris was probably ignited by a lighted match dropped between the edge of the tread and the skirting board on to the right-hand wheel track. Tests had shown that a lighted match could ignite

the grease and fluff, but

three cigarettes had failed

to do so. Mr Henderson said the accumulation of grease was "substantial." However, he said that explanation was not supported by all experts. Some believed the fire could have been started by a match, or flaming paper or by an unlit match lighted after it fell,

perhaps by moving machin-

He said: "It is impossible to exclude the deliberate or reckless dropping of flaming material, but there is no evidence of deliberate fireraising to be found at the scene of the fire."

The inquiry is likely to consider a series of reports on fire tests and experiments. It may also hear tape recordings of victims of the fire

The inquiry is to be held in two parts, the first relating to the facts and immediate causes and the second concerned with longer-term

Yesterday's meeting was told that three extra parties had been granted representation at the inquity, including Proderite, the West Midlands company that supplied paint used on walls and ceilings in the area of the fire.

Mr Henderson told the hearing: "I do not presently anticipate being in a position to criticise the conduct of any body or person at the start of the inquiry since I am in no position to

BT to reshape data services

By Terry Dodsworth

BRITISH TELECOM is consolidating the different activities of its \$60m data services division, to try to give it more market impact. The reorganisation will bring together businesses that are run separately in the value-added telecommunications field - services that offer clients more than a simple voice link. They include Dialcom, the USbased electronic mail organisation, Telecom Gold, which runs electronic mail in the UK, the Prestel videotex operation, and electronic yellow pages.
BT has appointed Mr John Morris, now president of

Takeover Panel defends itself

IF SHAREHOLDERS in Distill- Guinness says the panel acted right by paying the shareholders more, it was argued in the have to pay former Distillers High Court yesterday. High Court yesterday.
Mr Roger Buckley, QC, for the Takeover Panel, said that if the

present Guinness management. Lord Justice Watkins quesfelt it was ill-served by those tiened the panel's approach to controlling the company at the the consequences of the concert time of its takeover bid for Disparty. tillers, or by its professional advisers, its remedy was to sue might have been the responsi-

ers were short-changed because prematurely on inadequate evi-Guinness took part in a con-dence. It should have waited cert-party purchase of Distill- until Trade and Industry ers shares that breached the Department inspectors investigated the Guinness affair should now put the matter reported. The extra Guinness would

between \$100m and \$200m.

He said that what happened bility of people other than the He was opening the panel's present Guinness management. defence to Guinness's claim for Could the panel just wash its a declaration that the panel hands and tell Guinness to seek

higher than Guinness's alterna- to achieve this was neither here tive cash offer to Distillers nor there, because Guinness had the benefit. The panel's

ers shareholders. Guinness could not necessarily proper price." sue all who had transgressed the code so it was no answer to could put those arguments to say "you have got the advan- the panel when it came to deal tage therefore you are primar- with the consequences of its

sole scapegoat. Other people with consequences it would deeply involved were unlikely have made the most devastatto have to pay the piper. was probably strengthened in about consequences.
that the panel had no power to Later Mr Buckley said the see all concerned contributed to panel's public duty had been to damage done.

He said Guinness was saying ers. ered to compel witnesses and urgent and could wait. get to the precise truth.

concern was to protect Distill- He said the panel could do no more than say to Guimess you Lord Justice Russell said have got it cheap; now pay the Mr. Buckley said Guinness

ily responsible and must pay concert-party finding. That, suggested Lord Justice Lord Justice Watkins said Watkins, begged the question. Guinness was about to be made By the time the panel dealt

ing finding it could, which it He said Guinness's argument would not undo when talking do right by Distillers sharehold-

it had a new board of directors,. The question whether it none of whom was tainted, and should in due course censure that, if it was now going to anyone - such as Mr Thomas have to increase its payment to Ward, the former Guinness Distillers, at the very least it director who appeared to have was entitled to the most search- been at the centre of the coning inquiry by a body emphy- cert party - had not been

tial supplier in the developed world before settling on Data About 587 dealing desks will be installed this year in UBS's Broadgate III headquarters in the east of the City. According The hearing continues today. to Mr Michael Harrison, Data Logic's marketing director for Bid code may require client disclosure financial systems, the contract stimulates that it must be possi-

> had to be installed and commisings during a bid, and that sioned this year. He said the systems would require especially difficult integration methods involving up to four screens for each dealing position, with market information being fed in both in traditional yideo form and in the more advanced digital technol-

ble to double the size of the

entire system. The £17m

referred only to equipment that

Data Logic

wins £17m

Swiss bank

A £17m CONTRACT to provide

a complete dealing room system for the London headquarters of

the Union Bank of Switzerland

has been won by Data Logic, a

UK-based systems house which

is part of the US Raytheon

the largest contract in mone-

tary terms ever awarded for

dealing room technology, was

won against a final list of con-

tenders that included Reuters-

Rich and Bishopsgate, both of

the UK, Micrognosis, and Data

discussed its dealing room

requirements with every poten-

Union Bank of Switzerland

General of the US.

The contract, believed to be

contract

Simplex closes Stoke plant

By Nick Gernett .

SIMPLEX ELECTRICAL, an electrical equipment manufacturer based in Ayr, Scotland, is closing its Blythe Bridge factory near Stoke-on-Trent with the loss of 270 jobs.

The company, which was the subject of a management buyout from General Electric of the US in 1984, blamed a steep decline in export demand for products made at Stoke. The Blythe Bridge factory

isamufactures a range of electrical accessories and components. including circuit breakers and Mr Eugene O'Donoghue, Sim-

plex chief executive, said the export markets for its products in the Middle East. Far East and South Africa had declined Sharply in the past three years. . Sales last year were £35m and its last reported profit was

Premier purchases Italian tea maker

PREMIER BRANDS, the privately owned UK food manufacturer, has bought an Italian tes company, Jersey Trading, for an undisclosed sum. Premier, which sells Typhoo and Ridgways teas, said Jersey was the largest tea maker in Italy, with a tea bag factory near Pisa employing 50 people. for future investment in the Two thirds of its output is exported.

The purchase strengthens Premier's position on the continent, where it has a French subsidiary and about 50 distributors for its products.

Power cut blacks out Topic screens

ABOUT 100 of more than 7,000 screens connected to the Stock Exchange's Topic news service were out of action yesterday because of a power disconnecthe council to proceed as tion at the weekend when new The Stock Exchange said

against Guinness in High Court

acted unlawfully and unfairly a remedy in the courts? last September when deciding Mr Buckley replied that Guinthat Guinness acted in concert ness had got Distillers on the in buying 10.6m Distillers cheap. That individuals might shares at a price substantially have transgressed in enabling it

BY MARTIN DICKSON

Study into

TV adverts

FIFTEEN OF Britain's largest

companies are to provide finan-

cial backing for what is being

claimed as the most detailed

study so far of the television

They include Prudential, Brit-

ish Airways, Unilever and

The £350,000 study by Mr

Charles Jonscher of Booz Allen

& Hamilton, the management

consultants, is designed to

improve understanding of the

economics of advertising. It will

also show how individual com-

panies and the UK economy are

The study will look at the

potential sources of damage to

the UK economy from the high

cost of television advertising.

They include direct inflationary

pressure, higher costs to indus-

try resulting in a poorer com-

petitive position and "the sti-

fling of new product

development due to high launch

The starting point includes

the hypothesis that cost infla-

tion in television advertising.

which last year was 25 per

The national television adver-

in terms of direct inflationary

effect on the economy. But Mr

Jonscher believes the higher

concern government.

products.

National Westminster Bank.

costs of

By Raymond Snoddy

advertising market.

affected.

THE TAKEOVER Panel, which Guinness affair and other City polices the conduct of British financial scandals. takeover bids, warned stock-The new edition sets out for brokers and other financial the first time a multitude of intermediaries yesterday that, new rules that have been. as part of its inquiries into announced piecemeal in the share dealings, they might be past year. It also spells out required to give the names of more clearly some general prin-

clients on behalf of whom they ciples and makes numerous minor technical changes had bought or sold shares. It has outlined the responsi-The warning came in the latest edition of the Takeover bilities of financial intermediaries under rule 8 of the code, Code, the panel's rule book, and reflects the organisation's which covers dealings in shares efforts to police share dealings during a bid - the issue at the more closely in the wake of the heart of the Guinness affair.

The new edition says those companies involved in bids on includes identifying cheats for ensure that clients are aware of the obligations to disclose dealings and that those clients are willing to comply with the rules. However, this responsibility is now only triggered when the client's dealings in one stock exchange account period total more than \$25,000. It adds that intermediaries are expected to co-operate with

whom it has acted. behalf of clients have a duty to

The new edition also lays down that in a highly leveraged takeover bid - one mainly backed by debt - the bidding

own inquiries into share deal-

company should disclose details of its financing arrangements in the offer document City Code on Takeovers and Mergers. Panel on Takeovers and Mergers, Stock Exchange Buildings, London, EC2P 2JX

the panel when it launches its £12. Farm income remains stable

BY BRIDGET BLOOM, AGRICULTURE CORRESPONDENT THE INCOME of the belea- Dairy farmers, subject to quothat farmers and others are

guered farming industry tas and registering a 5.5 per reacting countinusty to the remained stable last year in cent decline in milk production, uncertainty surrounding the spite of the poor cereal harvest did well last year, as did sheep industry. The walke of new in England and lower prices for farmers, who show a 7 per cent investment in fixed assets is some crops under the European increase in deliveries for meat expected to fall about 12 per Community's Common Agricul- production. tural Policy.

The Government's annual white paper on agriculture, published yesterday, shows that aggregate farm income for 1987 declined by 1.5 per cent. The figure masks actual rises in income for the mainly pastoral farmers of Scotland, Wales and Northern Ireland.

The white paper, a yearly snapshot of the farming industry, shows farmers marking time while politicians and officials wrestle over the future of the level of subsidies, commod- 'CAP').

small decline in farm income was the poor cereal harvest in brought down arable incomes.

put at £1,404m for 1987 com-

pared with £1,427m in 1986 and £1,085m in 1985. Gross output, at £12.26bn, shows a 0.5 per cent decresse over 1986. That again reflects the decline in cereal production.

modities improtected by the

crop of some 40 per cent might The principal reason for the have been expected to raise crop experienced a 22 per cent southern England last year drop in price as the EC strug- the mid-1970s. because of bad weather. That gled to control its popularity.

cent to £910m over 1986. Overall aggregate income is Bank borrowings were about I per cent up on 1986, at about \$5.9bm However, the white

paper notes that for most farm businesses the relationship of assets to liabilities is sound. Britain has some 254,300 farm holdings, a slight increase

The lower output discounted an over the 1984 total of 252.000. overall rise in prices paid to but a minority of farmers is farmers of some 1.5 per cent. responsible for more than half (These rises came mainly from of the country's production. potatoes, vegetables, flowers Last year, 110,000 holdings of and garden plants - all com- less than 50 acres produced put while 29,500 holdings proprices and many other. An increase in the rapeseed duced 55 per cent of output. Some 590,000 people are esti-

mated to earn their living incomes from cereals, but the wholly or partly from agriculture, nearly 100,000 less than in Annual Review of Agricul-The white paper makes clear ture, HMSO Cat 299, £7.40

Rifkind allows more peatland forests

BY PETER RIDDELL, POLITICAL EDITOR cent, is sufficiently serious to THE GOVERNMENT is to allow kind, Scottish Secretary, last further limited tree planting in night announced his interim

the peatlands of Caithness and conclusion that the conservatising outlay of more than Sutherland in the north of Scot- tion needs of the area should be £1.3bn may not be significant land, thus opening the way for secured while at the same time further purchases by outside investors attracted by the tax allowing further forestry develconcessions. There has been considerable

cost to consumer goods industries should be calculated on controversy following well-pubthe basis of data on individual licised buying of forest land in uct, belevision advertising costs | television chat-show host. cent, the annual cost increase estry - calling for a complete flows. for individual products moratorium on further affores-

amounts to 1.25 per cent to 2.5 tation in the area of Caithness per cent. The study will also look at | Flow Country, to protect impor-

standing of financial resources

protecting the local economy by

Mr Rifkind accepts that much of Caithness and Sutherland is of national and international the area by wealthy individuals importance for conservation For a typical consumer prod- such as Mr Terry Wogan, the and has asked for a very substantial area of pestland to be are equal to about 5 per cent to The Natture Conservancy safeguarded, including the thost 10 per cent of revenues. With Council last July produced a important bog systems and bird advertising inflation of 25 per report - Birds, Bogs and For habitats, especially on the wet-

However he has decided that some further afforestation should be allowed in order to contribute to the nation's plant-ing further areas as potential Disloom, as chairman of the the prospects for new commer tant bird breeding grounds. ing programme and to maintain sites new groun. However, Mr Malcolm Rif. local employment in forestry est.

and maximise the opportunities wood-processing industry. He believes the evidence

shows that Caithness and Sutherland can accommodate some further afforestation. without affecting the conservation significance of the area as Consequently, Mr Rifkind has decided that forestry grant

should be offered in four of the seven cases that have been before him as a result of the Nature Conservancy Countil's He said he was encouraging

dtlickly as possible in identify- generators were fitted.

ing programme and to maintain: sites of special scientific inter- most of the screens had been

in the month of September

(equivalent to one day's trading

on the USM), volume fell to

1,343 bargains in the whole of

December. On one day, just 20

bargains were conducted. At

that kind of level of liquidity,

few institutions are likely to be

Philip Coggan and Heather Farmborough find out how the Stock Exchange's newest tier is faring

Birthday for a Third Market that could do better

year old today. The Stock Exchange's newest trading tler has not been an unqualified of Wardley Capital Limited, success - liquidity has been low believed that very little "true" and the number of entrants disaircraft financing had been appointing - but nor has it been

that would combine the flexibil-Mr Colin Hood of the respectability of a regulated National Westminster Bank exchange.

There are few formal requirecontinue to play a key role in ments for Third Market entry. funding but that a larger mum-ber of financial institutions year trading record and do not would also have to be have to release a minimum embraced. The banks would amount of equity into public also move towards greater hands. Business Expansion selectivity and remuneration Schemes, barred from both the would have to be enhanced to main market and the Unlisted Securities Market, can join the Other speakers included Mr [tier.

Sean Donlon of GPA Group Before the Third Market minimum requirements?"

THE THIRD MARKET is one much less exciting the first day managed eight entrants, the first year 37, Growth has been limited by the Stock Exchange's decision to place the responsibility for vetting new entrants firmly inthe hands of the sponsors. [140] companies they sponsor. Many hopefuls have been turned

Sponsorship business has so far been concentrated among smaller houses, as it was in the early days of the USM, when the larger brokers held back. ately sought sponsorship busi- ing Third Market companies ness in the manner of smaller simply does not pay. Those that houses such as Guidehouse go ahead have to hope that the

Barclays de Zoete Wedd, for become the big conglomerates instance, has decided only to of the future. consider sponsoring BES com- Those hopeful companies panies or those which meet all which lieve been turned down the requirements for a quota- by sponsors have made six comtion on the USM, apart from a mon mistakes, according to Mr three-year trading record. As Paul Nott, of Peat Marwick Mr Fred Hohler of BZW asks: McLintock, the accountancy "How can we ask for anything firm. The first is a lack of busiless than the Stock Exchange's ness planning and poor under-There is also the question of in particular. Management

The Third Market Alf-Share (Rebased) Jan 26

approach," as he calls it. small companies of today

Number of Bargains While financial controls are nies has failed as yet. Only one expects to see the first flood of weak - "the seat-of-the-pants issue, Neilson Leisure, was BES companies reaching their Business methods, he says, clear that the company would quotation. The expected demise

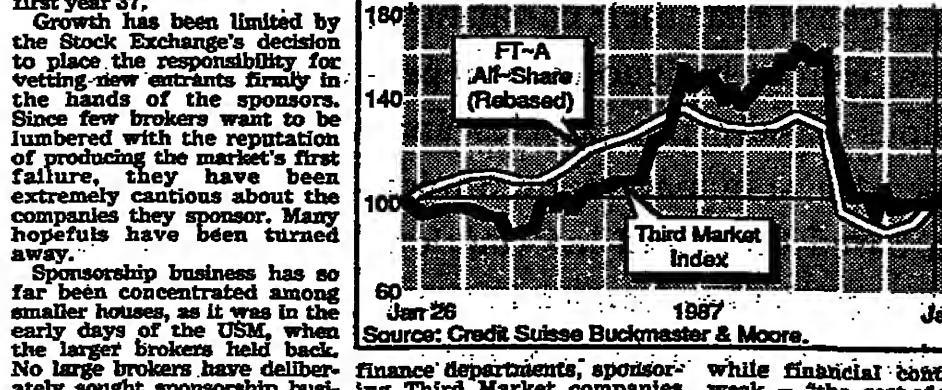
are often more appropriate to a not meet its profits forecast. of the OTC market should cerprivate company, particularly. Those companies which have tainly encourage more applicaprivate company, particularly
those regarding tax. Some of
the historical accounting inforthe historical accounting inforbeen able to make use of their. The optimists argue that the mation of which projections are quotations. Twelve companies USM was also slow to gain based are unreliable," he adds:

— a third of the total — have acceptance and predict as many This unwillingness for spon- together made 30 acquisitions, as 75 to 100 additions by the sors to take risks poses the issuing £25m worth of shares end of the year. But pessimists worth while establishing a mar- But the Third Market still prepare their homework more

keen on investing. Another disappointment is that only four BES companies have yet come to the Third Market. That is partly because the BES rules prohibit investors from selling their shares without losing their tax relief. As a consequence, until the five-year period is up, most of the arguments for a Third Market quotation are largely theoretical. However, this year Mr Nott withdrawn when it became fifth birthday and looking for a

ket for young, high-risk compa- faces several difficulties as it difficulties, it difficulties as it difficu fees. For many corporate skills are often inadequate tion is that none of the compa- ing. From nearly 5,000 bargains be extremely limited.

ensure an orderly growth in aircraft leasing, Ms Barbara were enthusiastic about its capacity between the two coun- Beyer of Avmark who prospects. There were optimisreviewed the used aircraft mar- tic predictions of 25 companies Dr Cheong said that the key ket and Mr Michael Donne, trading on the first day and to the pace of change lay in aerospace correspondent of the 100, or even 200, by the end of Ithe first year. The outcome was Europe, particularly on issues Financial Times.



No indemnity for careless

NAVIERA MOGOR SA V SOCIETE METALLURGIQUE DE NORMANDIE.

Court of Appeal (Sir John Don-aldson, Master of the Rolls, Lord Justice Mustill and Lord claim and sought reimburse-Justice Nicholis): January 15. ment from the charterers. They

recover indemnity for the consequences of signing inaccurate bills of lading pres-ented by charterers, if the effect of the master's earlier carelessness predominates over any breach of contract that the charterers might have committed by presenting the inaccurate bills.

The Court of Appeal so held when dismissing an appeal by plaintiff shipowners, Naviera Mogor SA from Mr Justice Staughton's decision ([1987] 1 FTLR 243) that they were not entitled to be indemnified by charterers of the Nogar Marin, Société Metallurgique de Normandie, in respect of loss arising out of a claim by receivers

LORD JUSTICE MUSTILL, giv-ing the judgment of the court, said that by a charterparty made on December 6 1979 owners of the Nogar Marin were not to be responsible for the condition in which cargo was

The charterers, who were manufacturers of a cargo of wire coils, conveyed them to the quay and shipped them for their own account. On arrival at the quay they were stored in the open. It rained.

Before shipment the master made a brief inspection of the goods. Some of the coils had rusted. He thought they were in apparent good order. A mate's receipt was presented to him by the charterers for signature. It contained no reference to the condition of the goods. The master signed it without addi-

elose.

17 13/17

plant

On the same day bills of lading, describing the goods as in apparent good order", were presented by the charterers to charterers were inviting the imply a term which took the the ship's agents for signature.

Added to the printed form was dered it was to acknowledge for that task away from the signed the bills without qualifi
received into the ship's cus
it on the charterers' shoulders. cation.

On January 4 1980 the Nogar Marin sailed from Caen to Tampa with the cargo. On arrival at Tampa, the damage was discovered. Receivers of the cargo arrested the vessel and made a claim to which the shipowners had no answer, since the bill of lading had not charterparty. It was a simple negligence could have inter-been claused. They settled the receipt.

shipowners

It was assumed throughout,

and conceded by the charterers,

that they were in breach of con-

contractual terms. It concerned

a representation of fact backed

on the fact that the bill of lad-

The making of a proper inspection was not just a matter

able argument on causation.

claimed the charterers were liable to indemnify them for the A SHIPOWNER cannot inaccurate bills of lading.

> The arbitrators found that the master was negligent, not in the sense that he owed a duty of care to the charterers in his he committed an error of judgment short of recklessness. That usage was followed on the

They found that his negligence in failing to clause the receipt prevented the shipowners from recovering indemnity, in that it intervened to break the chain of causation between presentation of the inaccurate bills and the receivers' subse-

Mr Justice Stanghton upheld the award. He held it was a breach of contract for the charEssentially the issue was nify. By responding as he was
terers to tender a clean bill of whether the term which the asked, a plaintiff was regarded
lading in respect of goods charterers were said to have as having accepted the offer. lading in respect of goods charterers were said to have which were not in apparent broken must necessarily be good order and condition, but implied into the charter.

The complaint about the bill negligence broke the connection of lading did not concern its between that breach and the OWners' loss.

On the present appeal the issues were whether suy prima facie rights by way of damages for breach arose through delivery of the mate's receipt and the bills of lading for signature, transferees for and if so, whether they were on the fact that affected by the master's negling was clean.

ing the mate's receipt for signa-

That was right. The mate's between the master and his receipt said nothing about the owners. It affected transferees condition of the goods. All the as well. There was no reason to

The owners did, however, term to protect shipowners contend that the charterers against the consequences of the committed a breach of charter-master failing to do his job, party by tendering a clean when that failure would pres-

That was rejected. The mate's receipt was not part of the mechanism established by the

ture, since the master's negligence took place at an earlier stage, when he falled to clause

Furthermore, the argument signed the earlier document and must founder on causation. The the agents signed the later one charterers tendered the docu- was adventitious. Both signed ment. The master had a free on behalf of the owners. The choice whether or not to clause division of function should not it. He chose not to do so. Later place the owners in a more the ship's agents had the oppor-favourable position than if the tunity to clause the bills of lad-ing, so as to protect the shi-powners. Again they let the of lading.

opportunity pass. The resulting estoppel against the shipowners it was the master's mistake concerning the receipt which and their liability must surely permitted the agents to sign the only have a distant connection with the original tender of the bills without qualification. If his act was not strictly "intervening, it could justly be regarded as predominant over whatever breach the charterers might have committed by prestract in tendering "inaccurate enting bills which conformed bills of lading", meaning that the documents if signed would with the signed receipt.

acknowledge receipt of cargo in As to the claim for indemnity under the charter, the authoriapparent good condition, which ties assumed that a request to The court was not convinced act in a particular way that the concession was sound, involved a tacit offer to indem-

However, the authorities left no doubt that implication of an obligation to indemnify was not automatic. It must always depend on the facts of the case and on the terms of any underby the signature of the owners' agents who had the opportunity lying contractual relationship. to check its accuracy. The rep-

The first step was always to resentation was a tortious act identify the express or implied towards those who became request by the person called on transferees for value in reliance to indemnify.

The arguments assumed that with its acknowledgement of The authorities cited by counties charterers were well aware receipt in apparent good condisel were not decisive. The case of the defective state of the tion, the claim for indemnity was to be decided on its own goods. Nevertheless, the arbitrators' findings showed that did what they were asked and claimed any contention that an implied contract to indemnify facts to require the bill to be arose from the fact of present-qualified.

The Gree the decided on its own goods. Nevertheless, the arbitrators' findings showed that did what they were asked and no act intervened.

But that was not what happened here.

Everyone in the shipping

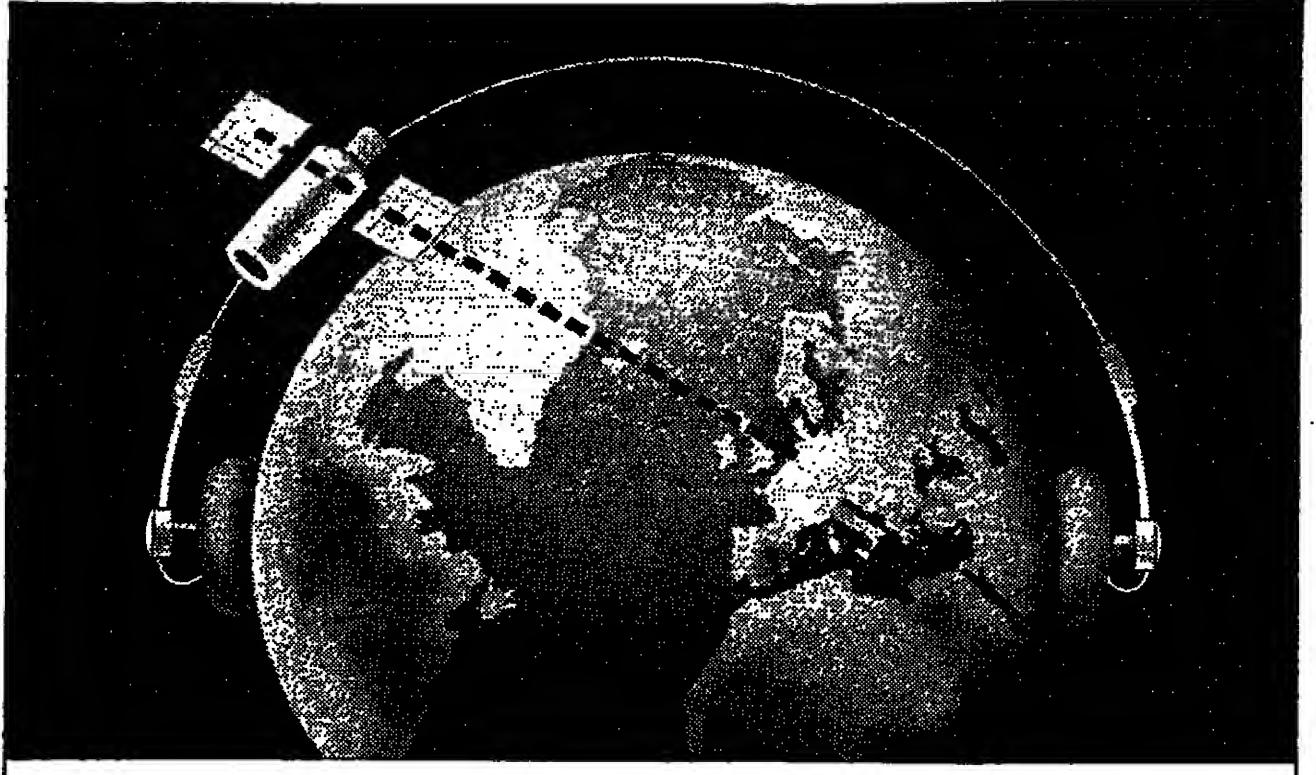
Everyone in the shipping trade knew that the master need not sign a clean bill just because one was tendered. Everyone knew it was the master's task to verify the condition of the goods before he

signed.
That being so, the request implied in the tender was: "The charterers require you to bind your owners to the contract of carriage contained in the bill of lading ... The bill also constitutes a receipt and please sign it as such, with whatever appropriate qualification you may think fit.

If that was right, the claim ent the charterers in almost

every case with an unanswerfor indemnity must fail. It was questioned how any

By Rachel Davies
Barrister



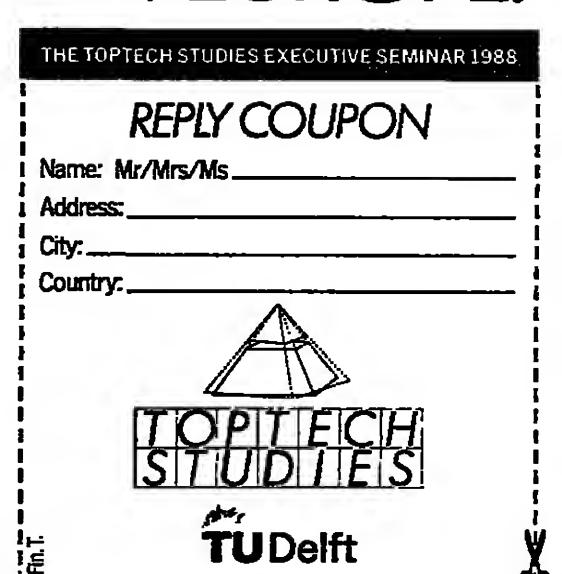
CHALLENGING THE TELECOMMUNICATIONS MONOPOLIES IN EUROPE.

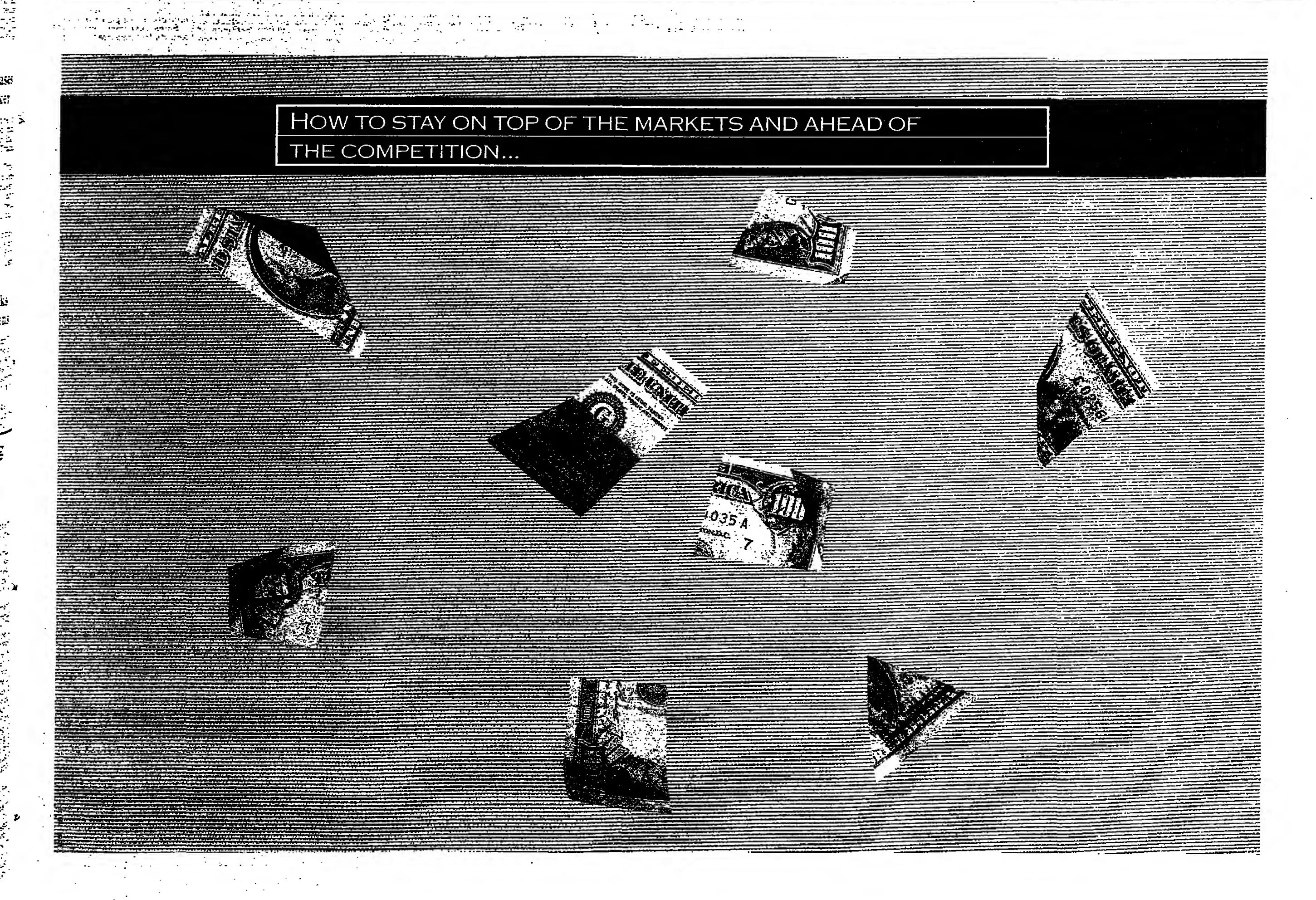
synergy of telecommunications, computing and general applications of electronics promises a new era in economic activity.

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Authorities in the field discuss the challenge presented to the European telecommunications monopolies during the TopTech Studies Executive Seminar 1988 organized at Delft University of Technology, March 18th, 1988 in Delft, The Netherlands. For full information on this internationally important platform contact the Foundation TopTech Studies, P.O. Box 5031, 2600 GA Delft, The Netherlands, Tel.: 31-15-78 2111.





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1987 OUR BESTYEAR YET

Past results are not indicative of future performance

APPOINTMENTS

New management at Morgan Grenfell

Mr Michael Dobson, managing director of Morgan Grenfell group-wide basis.

Asset Management, becomes deputy group chief executive; debity chairman of Morgan Dawson, Mr Robert Blayon and Mr Moliz will remain based he will report to and deputise Grenfell Asset Management and (head of the group's Tokyo in Tokyo and New York respector group chief executive, Mr

As a result of the management reorganisation the composition of the board of MORGAN off the board of MORGAN off the board of MORGAN off the board of MORGAN or responsibilities as chief off the board of MORGAN or responsibilities as chief off the board of MORGAN or responsibilities as chief off the board of MORGAN or responsibilities as chief off the board of MORGAN or responsibilities as chief off the board of MORGAN or responsibilities as chief off the board of MORGAN or responsibilities as chief off the board of MORGAN or responsibilities as chief operating officer.

Mr. Christopher Whittington, Mr. Christopher Whittington, Mr. Christopher Whittington, Mr. Richard Webb and Mr. Christopher Whittington, Mr. Richard Webb and Mr. Christopher Whittington, Mr. Richard Webb and Mr. Christopher Whittington will cease to be and Mr. Christopher Whittington will cease to be formed and Sir Eric Sharp are non-exceptive directors.

Mr. Blaise Hardans will remain chairman of the group's Channel Islands and Cayman forantial chief executive, Mr. Dobson, and Sir Eric Sharp are non-exceptive directors.

Mr. Blaise Hardans will remain chairman of the group's chief executive, Mr. Dobson, and Sir Eric Sharp are non-exceptive directors.

Mr. Blaise Hardans will remain chairman of the group's chief executive, Mr. Dobson, and Sir Eric Sharp are non-exceptive directors.

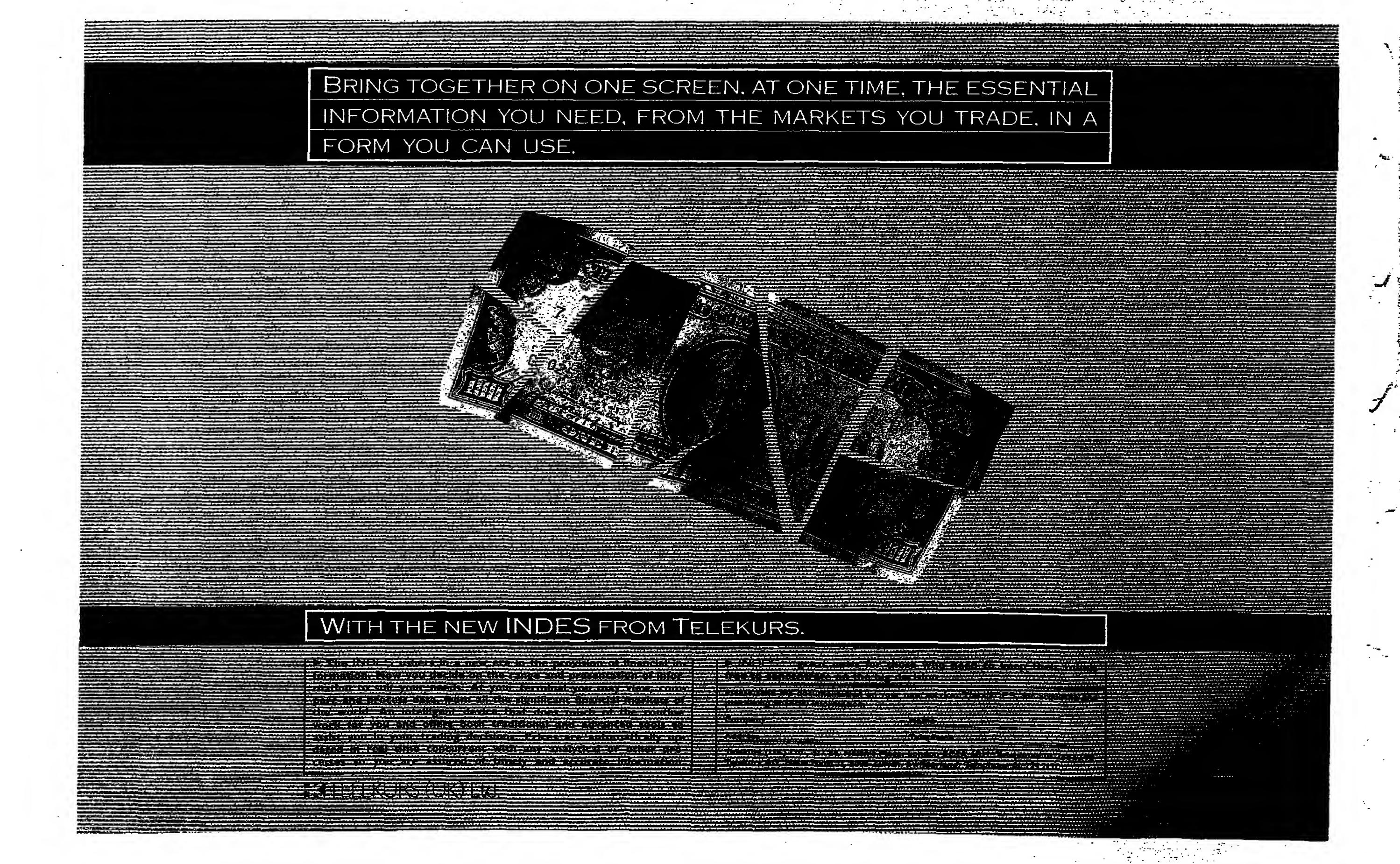
Mr. Blaise Bardans will remain chairman of the group's chief executive, Mr. Dobson, and Sir Eric Sharp are non-exceptive directors.

Mr. Blaise Bardans will remain chairman of the group's chief executive, Mr. Dobson, and taking overall responsibilities will stoned by for the exemption of major that did not sharp and the formatic chief the group bard, the proposition of the group's chief executive, Mr. Dobson, will also devote time to the did not sharp and the proposition will sharp as a sharp of the group bard, the proposition of

Senior Orion Royal Bank post

Mr Reinert Faterman, sentences contents of the content of the forest vice president investment banking and tréasury of fine Royal Bank of Ganada, has been appointed charman of the executive compilises of ORION ROYAL BANK.

BACKER FLECTRIC (O has appointed Mr Allas Flant as appointed Mr Allas Flant as managing director. It follows the company in 1986 as finance the compount in 1986 as finance the compount in 1986 as finance director. We was sales director. We was sales director. We was sales director. We was sales in the company in 1986 as finance directors are also shown to the company in 1986 as finance directors. We was sales in the company in 1986 as finance directors with Grimwood Real-ing Essential Science of the Company in 1986 as finance directors. We have sales in the company in 1986 as finance directors with Grimwood Real-ing Essential and sales director. We was sales in the company in 1986 as finance directors with Grimwood Real-ing Essential and sales directors. We have sales appointed directors with Grimwood Real-ing Essential and sales and market in the Company as finance directors. We have been sales for the company as finance directors. We have been sales for the company as finance directors. We sale Thousan along the Company as finance directors. We sale thousan companies as a director. He was gavely research and assiss at the company as finance of the City of of the



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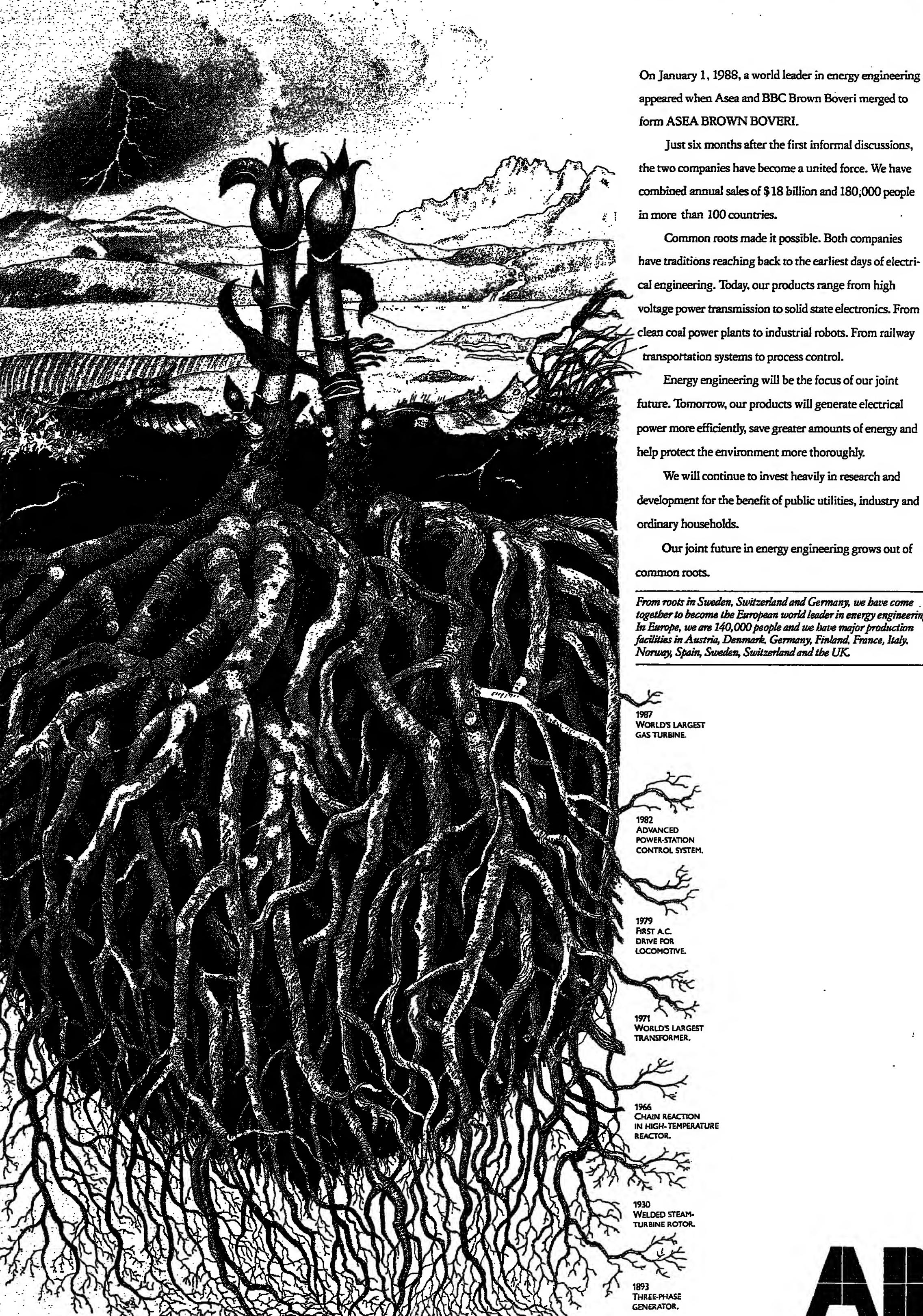
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Civil servants seek pay to fit skills

By David Brindle, Labour Correspondent

PRESSURE on senior civil servants to act more like businessmen should entitle them to businessmen's salaries, the Civil Service unions say in evidence to the Top Salaries

Review Body. They argue that their senior members are having to acquire manageriai skills more associated with the private sector, and are subject to "all the pressures and responsbilities of their private sector colleagues."

Calling for substantial pay rises for all grades covered by the Review Body, the unions say: "In today's environment, more and more parts of the Civil Service are under pressure to earn money for the public purse and are therefore operating under conditions-more akin to those in private business."

Senior civil servants' salaries are "well below" those paid in comparable private sector jobs, the unions maintain. Yet staff have had to cope with big changes in issues such as procurement policy and competitive tendering.

The unions say of such changes: "We wish to draw the TSRB's attention to them so as to dispel, for example, the myth that the senior Civil Service is a safe refuge for old-fashioned administrators who cannot and need not cope with the real world of the private sector."

Nurses' body to hold ballot on no-strike policy

THE Royal College of Nursing, the main nurses' trade union, is set to ballot its 265,000 members on a move to abandon its no-strike policy.

Mr Trevor Clay, the union's general secretary, said last night a ballot was inevitable after a meeting of RCN mem-bers at St Thomas's Hospital, London, voted 94-87 to collect the necessary 1,000 signatures to requisition an emergency meeting of the union to discuss the strike issue.

The move came after leaders of the nursing unloss yesterday attended a meeting of the profession's pay review body to argue their case for large salary increases. The review body is to recommend pay rates for the revised grading structure for

It is believed that the Government, in its 150 pages of written evidence to the review body, has made no claim that it cannot afford big pay rises and has made no attempt to revive the special duty payments issue that sparked the strike by nurses in Manchester earlier

The RCN's move is over its rule forbidding any official authorisation of industrial action. It would need a twothirds majority in a general meeting or ballot to overtura it. In the last ballot on the issue, in 1982, members voted by 74 per cent to keep the rule.

lows repeated reports of RCN members expressing a wish to join their colleagues in TUC-affiliated nurses' unions in strike action over the Government's handling of the National Health

been reports of nurses in the of members on joining next TUC unions defecting to the week's nurses' protest. Nupe RCN in protest at strike moves, said all attention should focus Last night, nurses at Guy's Hos- on the nurses. pital, London, voted against a lot on the no-strike policy would be an attempt to gauge

Mr Clay said last night: "Given that a national ballot now seems inevitable, I urge all the health unions to call off tative vote takes place.

This plea is likely to get short shrift from union leaders who say pressure for action is aris- think a lot of the heat would be ing spontaneously at local level. taken out of the situation."



Mr Hector Mackenzie: warzing Mrs Thatcher

However, there were two signs yesterday that the TUC unions were trying to get a tighter grip on events as some nurses at Goldie Leigh Hospital, south London, voted to strike on the day of protest in the London area a week tomorrow. First, Mr Norman Willis, TUC general secretary, called health union leaders to Congress House to discuss developments. In a statement issued afterwards, he emphasised "the

Last night's development fol-ows repeated reports of RCN The TUC is likely later this week to draw up plans for a big demonstration in London over

importance of all health service

Second, leaders of ambulance officers in the National Union of Public Employees called on However, there have also their branches to defer a ballot

Mr Hector MacKenzie, general strike. In part, therefore, a bal- secretary of the Cohse health workers' union and the nurses' leading negotiator, said yesteraccurately the mood in the pro- day that Mrs Thatcher alone had the ability "to stop what is happening in the country at the

After presenting the unions' case to the review body, Mr strike action while a represen- MacKenzie said: "If she sees the nur**ses' leaders and ass**ures us that the review body's award will be fully funded, then

Scargill win sparks fear for future of new pit plan

workers' president.

A key part of Mr Scargill's tors.
manifesto said the union should Whi

down in the past year by the ers in South Wales. fall in the dollar, six-day pro-

The plan for the mine, which is intended to replace imports of coking coal to the steel industry, has been approved in the corporation will develop

bids from tunnelling contrac- tion.

manifesto said the union should While Mr Scargill yesterday oppose the introduction of six-called on the NUM's national day production, which the cor- executive committee to unite poration has insisted would be and fight British Coal's policies, essential to make the mine prof- a re-think over Margam would table. almost certainly fuel his dis-With world coal prices forced agreements with miners' lead-

Their willingness earlier thisduction is regarded by manage "year to consider the introducment as more vital than ever to tion of six-day production, led ensure a profitable return on to a bitter dispute with Mr Scargill, which abated only after the union's annual confer-The future of the project, after the union's annual confer-which would employ about 800, ence voted to oppose flexible miners, is expected to be working. Since then area leaddecided within the next few ers have broken off negotiations with the corporation over

the project. Plans to scrap Margam, combined with doubts over whether

BRITISH COAL is to consider principle by the Department of Thorne colliery in Yorkshire, scrapping its plan to develop a Energy, and local planning and pits in the North-east of £90m drift mine at Margam, authorities. Details of its England unless the union agrees South Wales, in the wake of Mr planned management structure to consider flexible shifts, are Arthur Scargill's re-election as are almost complete and the both likely to intensify calls for the National Union of Mine-corporation is ready to invite the union to reconsider its posi-

But there would be strong opposition from Mr Scargill. who declared his victory an emphatic defeat for so-called "new realists" within the union. He said: "A majority of miners agree with my campaign policies: opposition to six-day working and pit closures, for better wages and conditions and no merger with the breakaway UDM.

Mr Scargill rejected angges-tions that his victory with 54 per cent of the vote masked deep misgivings over his policies and left him with his authority diminished. He said his majority was the third best ever achieved in an NUM national election.

Editorial comment, Page 20

Union leaders predict little impact from vote

BY JIMMY BURNS, LABOUR STAFF

tions could cause problems for bit too far." Mr Scargill within his union, but would otherwise have little union movement.

Left and right-wing union leaders agreed that, given the outcome of the 1984-85 miners' strike, the practical implica-tions for the unions of Mr Scargill's re-election look limited.

the Amalgamated Engineering affect the next year in the minthought that the (NUM) membership has fired at least a 46 per cent salvo across the bows.

Mr Rodney Bickerstaffe, general secretary of Nupe, the pub- came from Mr Ron Todd, genhe employees' union, described Mr Scargill as a man who was unlikely to "trim his sails" simply because he had emerged with a smaller majority. But he suggested that an "interesting" test of whether Mr Scargill would be able to assert his per- sonally pleased that Mr Scarsonal authority would come with the reaction of the NUM's

executive committee. He said: "Anyone who tries to gill has clearly won a resoundread into his re-election a desta- ing victory.

SENIOR union leaders yester- bilisation of the general council, day predicted that the results of the TUC, or the trade union of the NUM's presidential elec- movement is pushing things a

According to Mr. John Edmonds, general secretary of impact on the wider trade the GMB general union, Mr Scargili was already "isolated on a number of major issues" within the TUC, so the situation was not going to change

Only a few union leaders such

as Mr Alan Tuffin, general sec-Mr Bill Jordan, president of retary of the Union of Communication Workers, and Mrs Union said: "It will certainly. Brenda Dean, of the print union Sogat, reacted cautionaly to the ing industry and I would have NUM election, arguing simply that in any democracy, victory by a majority is a victory. One of the few public statements of unqualified support

eral secretary of the TGWU-Claiming himself mystlfied by media coverage of the elecent reference to alleged bias -

gill had won. He said: "Bearing in mind the media campaign, Arthur Scar-

Mr Todd declared himself "per-

How one area's result swamped Walsh's gains

REGIONAL voting figures for the NUM presidency show clearly how Mr Scargill secured his re-election. writes our Labour Editor. Though Mr Walsh won the backing of more NUM areas - 10 to Mr Scargill's nine the big areas, and espe-

cially Yorkshire, largely went Mr Scargill's way. NUM members mostly voted in line with the internal political position of their NUM constituent areas. In right-wing Leicestershire, for instance, Mr Walsh polled 83 per cent. while in left-wing Derbyskire, Mr Scargill polled

36.5 per cent. inevitably, the vote of the Yorkshire area - the NUM's largest, and a third of its total - was crucial, with the sheer number of votes for Mr Scargill swamping Mr Walsh's gains elsewhere.

Of equal significance however, was the fact that in the South Wales and Scotland areas whose leaders have led the opposition to Mr Scargill, members voted for him by substantial majorities - effectively

Smaller airlines to have routes protected

BY LYNTON MCLAIN

THE CIVIL Aviation Authority is to give a perceptible mea-sure of preference to sirlines other than British Airways where a choice has to be made between British airlines" on the licensing of routes because of the "disparities in size which now exist within the UK indus-

The preferential treatment for smaller airlines was outlined by the CAA in new policy proposals for air transport licensing published yesterday.

It comes in the wake of the takeover by British Airways of British Caledonian Airways

BA came to the stock market intact, accounting for over 80 per cent of UK airline output on scheduled services.

"The acquisition of BCal has made it less likely that BA will face competition from a rival UK airline offering an integrated network of domestic, European and intercontinental services," the CAA said.

The revised statement on air transport licensing policies said "the anthority will use its licencing powers to create and maintain an environment in which competition between British carriers and with foreign airlines can flourish and user choice is enhanced".

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THE REGISTRAR OF COMPANIES British Caledonian Airways. The takeover and other devel-Companies House Department of Trade and Industry, P.O. Box 420, Cardill CF4 3UZ. Tel: 0222 388588. Executive Director: opments required a fundamental review of CAA policies on licensing, the authority said.

The new policies are intended Primary Markets to counter the might of the enlarged British Airways, in the interests of greater cus-tomer choice and the promotion and Sales: of competition. Changes are in draft form and remain subject to consultation with UK air-Trading (Reuters: AZSS): Mr Ray Colegate, the director of economic regulation at the GAA, said yesterday that the main change proposed in the revised air transport licensing policy placed emphasis on bene-fits for airline users and less emphasis on the fate of airlines. "We will intervene only where we see anti-competitive behav-The authority still fears that the size of BA could lead to anti-competitive behaviour, at the expense of smaller UK air Zurich Head Office tel: These concerns were first Dealers: expressed by the CAA in its in July 1984 ahead of the pri-vatisation of BA last year. But CAA's recommendations for a transfer of BA routes to smaller As an international business traveller your demands are understandably high. Comfortable, frequent and reliable flights are all essential ingredients for your success. .IRAN AIR provides an international flight network offering frequent services UK airlines, including BCal, before BA was privatised were ignored by the Government. Geneva Branch tel: from all major european cities to destinations in the Middle East and Asia. Professional in-flight and ground services ensure you arrive relaxed and refres-

Livingstone suspended over attack

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A DEFIANT Mr Ken Livings. tone (Lab, Brent East) was suspended from the Commons last night for alleging that Sir Patrick Mayhow, the Attorney General, had reduced himself and the office he holds to the level of an accomplice to mur-

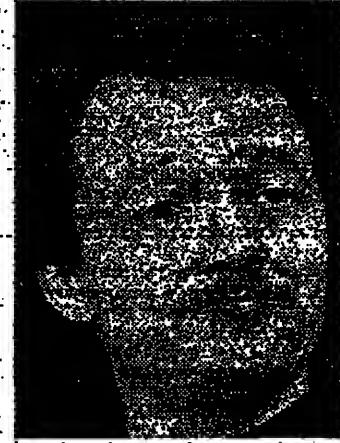
He repeatedly refused to withdraw the charge, made after the Attorney General had announced that no prosecutions were to be instituted against members of the Royal Ulster Constabulary for seeking to pervert the course of justice. Mr Livingstone ignored three. separate appeals from the Speaker (Mr Bernard Weather-ill) to rephrase his criticism of Sir Patrick in a manner which-

complied with the rules of the He insisted that if the rules prevented him from denouncing "this cover-up" they were sideration by Sir Barry. . . . Mr Kevin McNamara, the

ingstone was carried by 166 which were untrae and mis- concerned by the role of the votes to 18 and he withdrew from the Chamber. his suspension will last five days. There were shouts of cov-

er-up" from the Labour benches immediately Sir Patrick stressed his agreement with the decision by Sir Barry Shaw, Director of Public Prosecutions for Northern Ireland, that it would not be in the public interest for the officers concerned to stand trial.

The Attorney General disclosed that the inquiry initiated by Mr John Stalker, the former deputy Chief Constable of Manchester, into allegations that certain anti-terrorist operations of the RUC smounted to a "shoot-to-kill policy" had uncovered errors in statements



Ken-Livingstone: Ignored Patrick Mayhew: alleged to be

of evidence submitted for con- was disputed by Labour MPs. wrong and he would not be In some instances "material shadow Northern Ireland Secrebound by them.

A motion to suspend Mr Liv. omitted" and some matters supported the Director, but was

had been included. The Attorney General admit- bear. ted to the "deepest anxiety" in concurring with the decision Southwark and Bermondsey) not to prosecute. He explained that in the context of Northern siderations of national security, Ireland the public interest the RUC officers concerned involved national security and would have been prosecuted, considerations affecting "the and, if convicted, received

safety of people's lives". He said: "In judging the public interest I, and any other both sides of the House in prosecuting authority, have to pressing for an early statement balance one harm to the public on the disciplinary proceedings interest against another harm to be instituted by the RUC. to the public interest." The The Attorney General con-Attorney General's insistence firmed that the minister that the decision not to prose- responsible for this aspect, Mr cute (a decision in which he Tom King, the Northern Ireland fully concurred) had been taken Secretary, intended to make an by the Director of Public Prose- early statement. cutions for Northern Ireland Mr Merlyn Rees, a former

THE Irish government reacted angrily to the announcement by the Attorney General that no prose-cutions would be launched based on evidence contained the the Stalker report, wries our Dublin Cor-

The Irish Government is deeply dismayed at the decision and concerned at the implications it has for public confidence in the administration of justice in Northern Ireland" said a spokesman.

Labour Northern Ireland Secre-tary, underlined his confidence in the Director of Public Prosecutions for Northern Ireland, and urged that the statement to be made by Mr King should deal with suggestions that things had "gone wrong" between the security services and the RUC on the border with the Irish

national interest to reveal things which put people's lives at risk, he said, it was not in the national interest "to cover up when something went

Mr Seamus Mallon (SDLP

Newry and Armagh) protested that justice had been "dispensed with to cover up the murky and illegal activities of MI5 and MI6 and the darker elements within the RUC". Sir Patrick emphasised that he would have preferred the evidence relating to attempts to pervert the course of justice to have been tested in a court of law, but in the circumstances he had described to have done so would not have been in conformity with the public inter-

up drive for Ilea

While it was not in the signatories was published on Dr Owen told students at the to rally the blocking mecha- behind the merger proposals. the Commons order paper.

> The backers of the motion March with confidence." include virtually all the Conservative MPs for London constit- the SDP, Dr Owen said he uencies as well as the party's believed the Limehouse Decla-

main education specialists. have to take a view for some time since the relevant clause is at the end of the bill. The official line is that Mr Baker will listen to representations and there are no present plans to change the bill.

However, the leading backers of the motion believe they have the support of senior ministers and that Mr Baker will accept their proposal,

Last night the Labour Party warned the Government it risked legal action over a decision by Mr Baker to speak at a meeting called to promote the break-up of Ilea

Mr Jack Straw, Labour's education spokesman, said his deciretary, Mr Peter Walker, had sion was "bizarre and improper." The private Consercome to see him on one occa- vative Party meeting at Wandsworth was about plans for the its schools from Ilea.

> stood" his purpose in attending the meeting. "There are no proposals to opt out of Ilea before

Tories step Owen claims backing for move to defeat merger with Liberals

The current Education Bill, now going through a Commons standing committee, proposes that individual boroughs should have the right to opt out of llea and that the authority should be abolished if eight or more of the dozen boroughs exercise the right to opt out.

However, a campaign headed by two former ministers, Mr Michael Heseltine and Mr Norman Tebbit, seeking to abolish like before Christmas and yesterday a motion with more than 100 signatories was published on

London School of Economics The motion expresses a pref- that over 20,000 people had erence for the outright aboli- now pledged their support for tion of Ilea to a piecemeal con- the continuing SDP. He contintraction and calls on the ued: "That is no rump, no splin-Education Secretary to ter group, no faction, no fan announce an early date for abo- club, but the solid basis on which the SDP can continue in

invoking the original spirit of ration, together with the par-The Government does not ty's constitution, would provide the framework within which the majority of Social Democrats would continue to work for political reform and realign-

enjoyed majority support on the only beneficiaries.

secure a realignment of British level.

By Poter Riddell, Postical Editor

LEADERS of the Conservative backbench campaign for the abolition of the Inner London Education Authority believe they are knocking on an open door and have the sympathy of senior ministers.

The current Education Bill, now going through a Commons

DR DAVID OWEN, the former Social Democratic Party leader, yesterday claimed he had sufficient support to defeat plans for a merger with the Liberals, defent support to defeat plans for a merger with the Liberals, although he reiterated his pledge not to do so at next weekend's crucial SDP conference in Sheffield.

He regretted that the divisive merger debate had split the party but said the SDP could not afford to spend time and vision as the Liberals. It called on the party to "show the same self-confidence and vision" as the Liberals. In attacking the recent debate had split the party but said the SDP could not afford to spend time and vision as the Liberals. In attacking the recent debate had split the party but said the SDP could not afford to spend time and vision as the Liberals. In attacking the recent debate had split the party but said the SDP could not afford to spend time and vision as the Liberals. In attacking the recent debate had split the party but said the SDP could not afford to spend time and vision as the Liberals. In attacking the recent debate had split the party but said the SDP could not afford to spend time and vision and vision and vision and vision as the Liberals. In attacking the recent debate had split the party but said the SDP could not afford to spend time and vision an

nism, which I undoubtedly Mr John Cartwright, the SDP MP for Woolwich who supports Last night, in a counter-move, Dr Owen, yesterday repeated exactly half the voting mem- his call for an electoral agreebers on the SDP national com- ment between the new party mittee issued a statement and the SDP. Otherwise, he designed to dismiss recent said, the two parties' political claims that the Owen camp opponents would prove to be

Last weekend, Mr David The statement, which recom- Steel, the Liberal leader, said mended the proposed merger the new party would want to package, said that Liberals had fight throughout the country in sent the clearest possible signal elections but he left room for to the SDP that they wanted to electoral alliances by saying the unite in an attempt to break up decisions would, ultimately, be the old, class-based parties and made at local constituency

Parkinson warns Scargill over strikes

IF Mr Arthur Scargill's re-elec- supported by 70 per cent of an tion as president of the electorate of 200,000. National Union of Mineworkers Mr Parkinson said Mr Scargill results in a return to strikes was re-elected on Sunday by 54 and industrial action, it could lead to another accelerated pit 80,000. "That is the measure of closure programme, Mr Cecil the damage he has managed to Parkinson, the Energy Secre- do and the failure of his previtary, warned in the Commons ous policies."

the fortunes of the NUM by he had driven out of the NUM recalling that when Mr Scargill into a rival union had been able first became its leader, on a to participate in the ballot. programme of preserving jobs Mr Parkinson accused the

per cent of an electorate of

He also claimed that Mr Scargill would have been "defeated He highlighted the slump in soundly" if the 26,000 members and stopping closures, he was NUM president of using the Scargill "and put on the agenda it.

views rather than the welfare tion." of its members.

industry will continue to decline," Mr Parkinson said. the vote in an election.

"Until he puts politics second and the industry first, the

Mr Alex Eadle, a Labour spokesman and a member of the NUM, defended Mr Scargill and said there were many MPs who would settle for 53 per cent of government benches, he called on Mr Parkinson to meet Mr

pressures he had brought to

Mr Simon Hughes (Lib,

emphasised that, but for con-

He joined with other MPs on

severe prison sentences.

union to promote his political conciliation and not confronta-

Mr Parkinson retorted that his predecessor as Energy Seconly persuaded Mr Scargill to

should "do his talking to the chairman of British Coal," the Energy Secretary said the To derisive laughter from the industry should not be the political battle ground the NUM president was seeking to make

Treasury 'obfuscation' alleged

BY TOM LYNCH

MR LEON BRITTAN, a former development grants would com-

ending of automatic regional tance in real terms."

pan's Government will maintain

active fiscal policies, considering

international and domestic

needs for boosting domestic de-

mand, as the application of the

profit generated by the sales of

NTT stock for the public works.

As for monetary policy, the easy

state of credit is likely to be main-

tained so as to restrain a rapid

appreciation of the yen in inter-

In a strong attack on the Conservative Chief Secretary to pare with current spending. He Regional Development Grants the Treasury, yesterday said the 1987-88 expected out- (Termination) Bill, which abolaccused his old department of turn of £478 for England, Scot- ishes RDG, Mr Brittan, a former "obfuscation" in last week's land and Wales would rise dur- Trade and Industry Secretary, Public Spending White Paper to ing the two-year phasing out of questioned Mr Clarke's argudisguise a cut in regional assis- RDG but decline to £470m in ment that change was needed

general and regional industrial Minister: "If you want people in it. assistance together and com- the regions to believe the bined them over a three-year changes are genuinely designed

because RDG money was being Mr Brittan told MPs the white Mr Brittan told Mr Kenneth spent on some projects which paper had put the figures for Clarke, the Trade and Industry would have gone ahead without

He said the hoped-for Budget period. "These are tricks I to replace one kind of help with tax cuts and the tax breaks in learned at the Treasury," he another and not to save money, the Business Expansion Scheme said. "The right hand has not you must go back to the Trea- were designed to increase sury and say that the new pol- incentives, but did not depend He said the important figure icy does need a change in the on every beneficiary proving was how the total expenditure figures at least to the level now that he or she was going to do on regional assistance after the being spent on regional assis- something they would otherwise have left undone.

How to hear home truths

went off accidentally as the "Labour Listens" campaign meeting started at the **Brighton Conference Centre** yesterday. But after the three successive general election defeats the people's party is not as combustible as it was.

The gentle strains of Vivaldi coming from the sound system seemed more appropriate to this first gethering of the Labour Party policy consultation process which will be taking place all over the country. Not that the 100 people at the meeting were a representative cross-section. Most seemed to be party workers or committed Labour supporters with only a sprinkling of outsid-, ers. Nevertheless the apparaichiks from Labour headquarters had done their best and invited a galaxy of organisations including the Captive Animals Protection Society, the Centre for Inde-

pendent Living and the Brighton Jasz Club. The proposed agenda mentioned seven policy areas but, strangely enough, omitted a reference to unemployment. It also studiously avoided that dreaded word.

cocialism. However, Mr Fred Nettley of the Brighton Labour Party staunchly declared: "My colour is red and I am proud to stand up and say I am a Socialist. I think the same.

The audience was on the whole polite and restrained getting out of hand and preaching the old faith. Health, education and the poll tax seemed to be the dominant concerns with the economy-and employment taken briefly at the end. Lestor. Labour's shadow Overseas Development Minister, was in the chair with Mr Roy Hattersley, the party's deputy leader, and Mr Frank Dobson, the

of the "Labour Listens" consultation campaign

iser, fielding questions. "the bench" before kastily correcting himself.

because we are acutely con-Labour and the south of stood each other," announced Mr Rattersley. This mutual incomprehen-

borough to take over control of Insisting that Mr Scargill Mr Baker has told Mr Straw by letter that had "misunder-

(Advertisement

Domestic demandled business expansion expected to continue in 1988

In spite of the dramatic collapse of stock prices in October, Japan's economy followed a achieving both the expansion of domestic demand and the improvement of the external imbal-

Economic environment and administrative policy Hirections

There are two major factors pointed out, surrounding Japan's economy in 1988. First, the overseas economy will slow down reflecting an expected stagnation in the U.S. economy. Second, the yen seems to appreciste further due to the uncertainties about the U.S. dollar that is the persistent concern over the U.S. "twin deficits" laden economy.

On the domestic economic policy front, it is expected that

(Unite: %, billion dollars

nationally coordinated efforts. Prospects for the price behavior

Commodity prices are likely to remain stable because oil prices will stay around the \$18/ barrel mark reflecting relative balance between demand and supply, and also because the appreciation of the yen is expected to continue at a moderate pace.

Prospects for the business

Hmate in 1988

Under these circumstances, Japan's economy is expected to show continued business expansion led by domestic demand. This forecast is based upon the following reasons. First, personal consumption will perform well, owing to the higher growth rate of income reflecting favorable economic conditions. Price stability, relatively low interest rates, and tax reductions will also sustain buoyant development of personal consumption. Second, active public investments will continue to support the expansion of domestic demand. Third, corporate plant and equipment investment will follow the upward movement of domestic demand.

Looking at the affect of the dramatic collapse of stock prices in Japan, since stock holdings of account for only just over 10% general tone of business expan-

total personal financial assets the overall affect will be relatively slight, assuming that a new and equally sharp stock market collapse does not occur. Then, the sion should not significantly falter. However, exports are ex-

Toronto, Amsterdam, Zürich, Luxembourg, Hong Kong, Singapore, Sydney Associated Cotspanies in: Sec Paulo, Bangkok, Singepore, Kuels Lumpur, Jakarta, Brunei

World Economic Environment

-	Calendar	Calendar	Caleodar
	1988	1987	1988
Export pince uscrease so industrial regions (in %)	2.9	2.8	23
	2.9	2.8	13
	Fiscal	Fiscal	Fiscal
	1986	1987	1988
Wadd import volume grawth (in %) Export pince vacasse in industrial nations (in %) Primary product pince increase	35	3.0	2.5
	12.i	9.5	4.5
(in %; excluding cruds oil)	-5.3	82	5.4
Cruds oil pace per barrel (in \$; (SF price)	13.8	183	19.5
Yeo-deller exchange rate (in V)	159.83	140	127

pected to continue to decline due to the stagnating U.S. business climate and the appreciation of the yen, while further appreciation of the yen is probable to severely deteriorate the profit performance of some exportoriented businesses. These factors will possibly throw cold water on the further expansion of business during the latter part of

Prospects for the balance of

The trade balance has now begun to reflect decreased volume of exports and increased volume of imports as well as deceleration of rises in export prices, and upcreeps in import prices because of a recovery in crude oil prices. Since this trend is expected to continue, the trade surplus will be reduced in 1988. The delicit in the invisible trade balance, which had been tending toward reduction, turned toward expansion last year. This was due to an increase in payments, such as spending by Japanese tourists during overseas trips in the context of the yen's appreciation. This trend is expected to continue this year, thus resulting in further growth of the deficit of the invisible trade bal-

As result, the current surplus is likely to be trimmed further, although it still remains at a high

Future challenges faced by Taban a economy and neccessary countermeasures

First, the trade imbalance must be pared furthermore.

Along with the cut of the U.S. budget deficit, the reduction of Japan's current surplus is indispensable for the stabilization of the world economy. To accomplish this goal, it is essential to maintain a steady expansion of the domestic demand and to promote further market-opening

Second, existing legislation and social practices must be reexamined in order to carry out further adjustments of the economic structure. As pointed out by the Maekawa Report, the current legislation and social practices, which give priority to economic growth, are also required to be reviewed from the perspective of upgrading the standard of living. Encouraging the introduction of a five-day work week and 100% utilization of paid holidays and vacations, a overhaul of the land tax system and the alleviation of regulations restricting competition can be pointed out as concrete

measures. Third, international cooperation for the development of the world economy should be promoted. To relieve frictions with other countries and contribute to a stable growth of the world economy, Japan must further advance substantial economic cooperation. Specifically, Japan should fulfill it's role as an economic power through such measures as expanded governmental aid programs and direct foreign investment by the private

Besides, as these challenges are being faced, Japan must resolve many other domestic issues including fiscal reconstruction and tax reform.

Talk it over with DKB. The international bank that listens.



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The next DKB monthly report will appear Reb. 26.

GRANVILLE

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Member of FIMBRA

with only the occasional Clause Four fundamentalist The amiable Miss Joan

John Hunt on the launch

shadow Leader of the House, and campaign organ-Looking up at this magisterial trio on a raised platform: one questioner deferentially referred to them as

"We are here in the south scious that for far too long England have not under-

sion was underlined by Mrs Andrey Simpson, from the local chamber of commerce.

Hick	Low	Company	Price	Cinage	Grees (ir (p)	Yes	PIE
		Ace, Brit, Ind. Ordinary	185		2.9	4.8	6.9
207		Ast. Brit. Ind. CULS	188	48 .		53	-
41	25	Armitage and Rhodes	25	. 0			٠.
142	43	BBS Design group (USM)		<u></u>	. 21	3.7	-8.5
188	10B	Barriog Grosp	155		2.7	1.7	
186	95	Bray Yecturalogies	142		47.	33	114
281		CCL Group Ondinary	246ml	Ø	11.5	U	4.5
147		CCL Scorp 11% Cons. Pref	126	+2	151	126	
172		Carperundens Ordinary	130	. 0		41	115
104	91	Carbonacion 7.5% Pref	300 .	.0	10.7	. 30.7	
180		George State	165mi	+3	3.7	22.	
143	68	ist: Group	68	. 0	•		
104		Jackson Green	95ad		3.4	3.7	30.3
770		Multiborse NV (AsstSE)	.330	+20		23	
28		Record Holdings (SE)	57 ·	Ø 0	2.7	4.8	
115	85	Record Hidgs 10% Prei (SE)	110	. 0	141	128	
91	50	Robert Jeskins	50 -	ā			2
124	30	Scrittors	124sec	- 0	5.5	44	. —
224		Torday & Carlisia	197	0	6.6	3.4	
77	67	Trestan Holdings (USM)	60	- 2 .		. 46.	
131	41	Heliark Holdings (SE)	60	ð		4.7	
			155	+1		3.8	
264		Walter Alexander	218	+2		8.0	
205	190						
170	67	West Yorks, Incl. Hosp.(USA)	130	. +7	5.5	42	131

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A CLANGING fire alarm ... Labour Party should do the ... who is a former Labour supporter. "You are listening but people are not talking to you," she told the Labour

trio. According to her, most of those present were clearly left of centre but as Joan Lestor protested: "We can't force people to come." They had, for instance, invited the Institute of Directors which had declined on the grounds that it was not a political organisation - a claim which provoked scornful

> laughter from the audience. When you ask people what they think of you there are bound to be some brutal home truths. One man told the panel: "For heaven's sake stop the infighting. The Tory Govern-

ment is being fuelled by poor epposition." When the discussion turned to the economy there was a succinct contribution from Mr Ray Allen. representing the TUC's south-east region. He argued that the party had fallen into an electoral trap by believing in the simplis-

tic proposition of the north-south divide. As a result, it had lost the support of affinent workers in the north and of unemplayed workers in impoverished pockets in the south. As time ran out one man. who had been bobbing up

state control. "I have.a manuscript here from which some of these ideas are taken," he cried enthusiasti-Rut at this point Miss Lestor firmly brought the proceedings to a close. Mr Hattersley declared himself well satisfied and predicted

that the "Brighton nattern"

would be repeated at fur-

ther meetings all over the

and down throughout the

session, began a long dia-

tribe about socialism and

country. Golden share assurance

THE Government still intends to use its "golden share" to prevent control of Britoil passing into other hands, Mr Cecil Parkinson, the Energy Secretary, confirmed in theCommons yes-

Challenged by Mr Tam Dal-yell (Lab, Linlithgow), he explained that the golden share was in the hands of the Treasury Solicitor and would be used if any of the bidders sought to get control of Britoil.
In a written reply to Mr Dale Campbell-Savours (Lab, Workington), Mr Francis Maude, Undersecretary for Industry, stated that the Kuwait Investment Office holding in BP was being considered under the merger control procedures by the Director General of Fair

DAHICH! KANGYO BANK January 1988: Vol. 17, No. 1 while ongoing fiscal reconstruction efforts will be continued Ja-

steady path of expansion in 1987, propped up by the favorable domestic demand, such as personal consumption, housing investment, and public works. In addition, the trade surplus began to narrow due to the significant increase in imports and the stagnation of exports. Japan's economy seems to have set out to move in a promising direction,

ance.

Economic Outlook for 1987/88

1986 (FY)

CHAP (CORTINGOS)	- 42	4.0	5.8
GMP (real)	2.8	. 33	3.2
Private demostic descard Provide final consumption Provide housing investment Private capital investment Private unestary investment	35 (28)	53 (43)	43 (35)
	30	34	35
	131	151	13
	48	78	62
	-585	438	458
Public demend Government final consemption Public capital furnation	8.1 (1.3)	29 (0.5)	50 (0.9)
	6.8	6.8	- 34
	7.3	8.3	6.7
Net exports	-36.8 (-1.5)	-58.4 (-1.5)	-113.4 (-1.2)
Exports & nihers	-3.1	-0.2	0.6
imports & others	6.5	9.8	8.0
Whalesale paces	-100	-1.3	-9.2
Consister prices	0.0	1.0	12
Carment balance Trade belonce Experts Structure Structur	94.1	81.1	73.5
	101.6	90.1	83.0
	211.3	221.4	224.8
	109.6	131.3	141.9
	-5.1	-6.2	-8.5

Transfer payments Note 1. Japan's fiscal begins in April and ends at March 2. (): Contribution of each component to SMP growth.

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Japanese bearings plant likely to be built in UK

BY NICK GARNETT

MINEBEA, THE Japanese bearings and diversified engineering component-maker, is planning to build a bearings plant in Europe and says it will almost service Japanese production certainly be in the UK. Last month the company

bought Rose Bearings, a British spherical and rod bearingmaker with plants in Lincolnshire at Saxilby and Skegness. Mr Ryusuke Mizukami, Minebea general manager for corporate planning, said the plant could be commissioned within three years, perhaps this year. It would be designed to make miniature bearings. Minebea is the world's largest miniature-

bearing maker. Anti-dumping duties have been imposed on several Japanese bearings companies of Sweden. importing to the European Com-However, Mr Mizukami said a main client of Rose Bearings. French subsidiary, and RMB of

BY ANTHONY MORETON

city in the past month.

base in Plymouth, the second

ber that it had chosen the

tion is to set up a European European market

concern, announced in Decem- will employ 180 people.

ture-bearings plant and to buy Rose Bearings were part of Minebea's plan to increase its European market share and to sites in Europe which buy its Two other Japanese bearing

ture ball-bearings.

bearings in Europe.

None the less, Minebea

NSK, at Peterlee, Durham, and NTN, at Mettmann, near Dus-Acquisition of Rose Bearings from APV for \$9m and Minebea's plant announcement will

makers produce in Europe,

the European market. Mr Mizukami said Minebea wanted to use Rose Bearings to become the largest supplier of spherical and rod bearings in Europe, a position held by SKF

raise competitive pressures in

more of the aerospace market, West Germany, ADR, SKF's the decisions to build a minia- The aim was to expand out- Switzerland.

US computer company for Plymouth

PREMIER COMPUTER Corpora- Devon city for an assault on the the Devon and Cornwall Devel-

Matrix, a leading software ing about \$5.5m in a plant that for five years." It had been cru-

Premier, of Boston, claims to decision represented "the big-

repairer in the US. It is invest- region by an overseas company

Mr Ivor Simpson, director of suitable building.

'may strain resources of NHS' put at Rose, which employs 210 By Peter Marsh people. Mr Mizukami said more

AIDS cost

than half the Skegness floor-THE 3,000 people in Britain likely to be diagnosed in 1988 space was empty. It could be used to make more spherical as suffering from AIDS will bearings or to introduce miniacost the National Health Ser-

report warns today.

needed to build a completely The cost, which covers not new plant to make miniature only hospitalisation but the Japanese equipment makers other services, is the same as had asked Minebea when it that needed to provide hospital would start making miniature treatment for roughly 120,000 non-AIDS patients suffering from acute disease. It does not Minebea imports all its miniature bearings to the EC from its include the cost of treatment plants in Thailand. It says they for people who have already

vice £81m this year alone, a

are not subject to anti-dumping been diagnosed as having AIDS. duties, which apply only to The report, from the Office of bearings from its Singapore Health Economics, an organisa-tion funded by the UK pharma-Main European miniature- ceutical industry, says AIDS The purchase gave Minebea bearings suppliers are GRW in "could have very serious health service that is already experiencing severe financial pressures."

Deaths from AIDS are steadily increasing, the study points out, with about 60 per cent of all UK mortality due to the disease occurring last year.
Up to the end of November, the UK had recorded 1,170 opment Bureau, said Premier's cases of AIDS, 665 of which

were deaths. US company to invest in the be the largest disk-drive gest brand-new start-up in the AIDS fatalities in 1987 were responsible for roughly one death in 30 for men aged cial for the company to have a

between 25 and 44. If deaths from injuries and poisoning are excluded, so that the analysis accounts only for deaths from natural causes, the toll rises to about one in 20.

Assuming that the mean age at death from the disease is 35 years, then current annual fatalities of about 400 can be estimated to account for 12,000 lost years of potential male |

working life. The report gives a warning that by 1990, assuming the disease progresses along the lines of the past few years, AIDS may lead to more deaths among young men than lung cancer, suicides and road accidents.

According to the study

efforts to fight the disease

through medications are riddled with uncertainties. The AIDS virus, formally called human immunodeficiency virus (HIV) might change through mutation, to make it either easier or more difficult to infect people. Attempts to find AIDS vac-

cines will be very difficult, the report says. "Any suggestion. . . that advances in this area can be expected within the next few years. . . should be treated with reserve."

HIV and AIDS in the United Kingdom. Office of Health Economics, 12 Whitehall, London SWIA 2DY. 50p.

Reorganisation at Lloyds

By Peter Montagnon, World Trade Editor

LLOYDS BANK is to streamline its trade finance activities into a single group, headed by Mr rate of profitability are Michael Riding, who was previ- reported by companies in the ously based in Tokyo, responsi-ble for the bank's business in latest business survey from the

Until now, the bank's trade finance activities have been operated on a geographical basis, drawing on different sections of its international division. The reorganisation means have been unaffected by last sion. The reorganisation means they will come under one centralised trade finance group.

Included in the group will be the Lloyds Export and Project Finance, previously a subsid-iary of its merchant bank, as show that companies in Wales there was some concern over well as its specialised barter are turning in better results the level of profitability and and countertrade operation. These will continue to be headed by Mr Robert Prince and Mr Alan Linger respec-

Morgan reshuffle puts accent on youth

BY DAVID LASCELLES, BANKING EDITOR

MORGAN GRENFELL, the merchant banking group, has reshaped its management to pass more day-to-day responsibility to younger staff and free senior directors to concentrate on business strategy and clients. Four group directors will be leaving.

The changes, announced yes-terday, were devised by Mr John Craven, the chief executive who took over last May with the task of restoring Morgan after its traumatic involvement in the Guinness affair. Sir Peter Carey, the chairman, said the changes had been done with the full

approval of the board, and will

put Morgan on a growth path for the 1990s". The main changes include the appointment of a deputy chief executive, Mr Michael Dobson, and the designation of a management committee consisting

of 11 people with line responsi-

businesses. It includes the executives who are in their 30s heads of Morgan's operations in and early 40s. The average age the US and Japan, signalling of the management committee the importance it attaches to will be 41. He said he had

resented by Mr Guy Dawson, gan Group were not necessary, who becomes head of depart- partly because the present ment, replacing Mr Richard structure suited Morgan's main Webb, who has been made a activities, and partly because group board director. Mr Christopher Whittington,

chairman of the group. The four group directors who are leaving are Mr Blaise Hardman, Mr Jon Perry, Mr Charles Morgan Grenfell, he said. Rawlinson and Sir John Spar- Mr Craven said last y row: Their departure will leave market crash had shown the the board evenly balanced importance of having a balbetween executive and non-ex- anced group. Although the ecutive directors, a move Sir group shed 14 people last

strength. Mr Craven said the changes Appointments, Page would shift management to the Observer, Page 18

bility for the group's principal next generation of Morgan decided that more wide-ranging Corporate finance will be rep- structural changes to the Morthe present separation of divisions, such as asset manageformerly the chief operating ment, corporate finance and

officer, is to become deputy equity distribution, was good for competitive reasons.

"This will create a more international and outward-looking Mr Craven said last year's Peter said would give it added month, he said there was no plan for mass redundancies.



John Craven: management shifted to next generation

Shortages

'put house

Poll tax 'would hit city poor'

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

A DETAILED study of the ners or losers are the number of housing - will suffer because effects of the proposed commu- adults in a household and the they tend to have more chilnity charge, carried out in Man- property's present ratable dren. Families whose head of chester, shows that the hardest value. Although the city's household was originally from hit would be the poorest people 153,000 households are split Pakistan comprise 2.68 adults in the inner city, living in prop- almost evenly between winners per household against UK erties that at present have low and losers, two thirds of Man-natives' I.9. ratable values.

Large families, particularly those from ethnic minorities in inner urban wards, would suf- pay less. fer most from the change from the system of rates. The popu- urbs, with the biggest benefits lation movement of 45,000 peo- going to increasingly small ple into or out of Manchester groups of people. each year would make universal collection difficult, with the largest concentration of higher effect of making everyone else education campuses in Europe pay more. The estimated annual and 16,200 students live in the

The study, published yester- together with the unemployed, day, is by Manchester's town the elderly and the low paid. clerk, city treasurer and city planning officer. It shows that concentrated in poorer areas of thought to be on the register in the main determinants of win- the city and in less attractive mid-year.

Securities and Investments

Board as a Recognised Profes-

The act is expected to come

into operation in April. When it

does, no person dealing, arrang-

ing or advising in investments

The council's RPB status

means it will be able to grant

authorisation to those members

seeking it by this means, and

dence in Wales and a better

Its half-yearly survey of the

economy, undertaken by the

October's stock market crash.

That conclusion is likely to be

than those in the rest of the cash flow.

Meirion Lewis, Welsh director, contiming to do so.

confirmed today by the Confed-

eration of British Industry's

Institute of Directors.

fulfilling the right conditions.

can do so unless authorised.

sional Body under the 1986

Financial Services Act.

chester's citizens live in the "losing" half, so that only one

Most of those live in the subshortfall in collection is city itself. The report says that all of them will be worse off,

istration Council has received the 1977 Insurance Broking council.

interim recognition from the (Registration) Act.

Upbeat mood increases

in Welsh companies

BY ANTHONY MORETON, WELSH CORRESPONDENT

SIB approves insurance body

THE INSURANCE Brokers Reg- ister insurance brokers under seek authorisation from the

Most insurance brokers trans-

act both general and life busi-

ness and life business is classi-

fied as investment business

under the 1986 act. So those

brokers will need authorisation.

important activity, those bro-kers will seek registration from

one of the main routes for

authorisation - usually from

Regulatory Association).

"particularly encouraging."

such as computing.

Where life business is an

Although 90 per cent of single-person households will gain, third of people will actually about 5,500 single-person households will be worse off, most of them among the poorest members of society, such as pensioners. Two thirds of twoadult households will fare Greater Manchester has the worse, and 93 per cent of households containing three or

more adults. On administration, the three officers say Manchester's constant population changes involve 45,000 people a year. Consequently, at best only 97 Immigrant families - already per cent of the population is

A GROWING shortage of housing is forcing up prices in rural and semi-suburban areas and affecting the Government's traditional supporters, Mr Alan Cherry,

By Andrew Taylor

the House-Builders Federation said yesterday. Mr Cherry, chairman and managing director of Countryside Properties, said failure to release enough building land was the prime cause of shortages and high

newly elected president of

prices in the south-east. "In these areas, where house prices have risen beyond the reach of many people in work, the Government will soon face a crisis. That crisis will, unlike the inner cities, affect its own political supporters and their children," said Mr

Cherry. Studies showed that up to 35 per cent of people with jobs could no longer afford to buy their own home in parts of the south-east, he said. The price of housing land had risen by 25 per cent a year for the last three years and could cost up to him an acre in areas

of highest demand. Brokerage earned from such "Whatever planners and business does not exceed 25 per politicians may wish, we must remember that the population in all parts of Some 1.400 names have the country has moved Fimbra (Financial Intermedi- already applied for authorisa-

away from the major cities for the last 40 years," Mr Cherry said. People who complained about development in rural areas often also complained that their children could

find nowhere to live near to their work or to their par-However, the industry had to accept that plans to restrict house building in the south-east had the support of MPs, councillors and the electorate, most of whom were already housed. House builders, said Mr

The BTA has also agreed to thorpe.

put up a further £94,000 for The f It was still felt that the cli- specific Welsh promotions pro-Presenting the institute's sur- mate for business was improv- viding the tourist trade in

But where it is a minor part applications ahead of the dead-The council was set up to reg- of the business, the firm can line for authorisation. Wales tourist

substantial number of further

move vetoed

The conditions are:

cent of total income.

aries, Managers and Brokers tion and the council expects a

• The investment advice and/

or arranged transactions

related only to long-term insur-

ance and/or unit trust schemes.

They do not handle clients'

By Our Weigh Correspondent THE GOVERNMENT has turned down the proposal that the INCREASED BUSINESS confi- said the rise in the number of Wales Tourist Board should companies reporting a growth conform with Scotland and in the volume of business have more control over presentfour out of every five - was ing the principality in overseas marketing.

He said some skill shortages The suggestion was made last had emerged, particularly year by the report of a select around Cardiff and Swansea, committee of MPs and was especially in engineering, the strongly opposed by the British professions and technical fields Tourist Authority, which co-ordinates presentation of the UK However, just over half the overseas. companies expected to take on

companies expected to take on Pressure by Mr Peter Walker, more labour during the next 12 Secretary of State for Wales, on the BTA has, however, led the authority to put aside \$70,000 for distinctively Welsh promo-

vey in Cardiff yesterday, Mr ing and showed every sign of Wales itself contributes

Cherry, had to show that they were capable of planting woods, providing homes for wildlife and could make a contribution to the envi-

McDonald's factory for Scunthorpe

A MEAT processing plant to supply the McDonald's hamburger chain is to be built at Skippingdale, pear Scun-

The factory will cost McKey Food Services about \$4.5m and will employ about 100 people. It should be completed during next year.

Japan moves in softly on the gilts market

While most of them were

THE JAPANESE are a cautious people. They are averse to conflict, prefer anonymity and just like to get down to business with minimum fuss and maximum diligence. This softly, softly approach

to commercial and business affairs has made them successful in most things they have chosen to tackle.

It is a characteristic fully displayed in preliminaries to the Nomura recently engaged two entry of Nomura Securities and of Hoare Govett's gifts trading Daiwa Securities to the UK team; Daiwa picked up a gifts gilt-edged securities market, leading some to wonder just the market.

both companies applied for Nomura's gilts operation. authorisation to deal in the primary gilts market at the end of securities is not one of life's last October. Since then they most profitable endeavours. have received and completed a There are 24 primary dealers lengthy questionnaire from the who have collectively commit-Bank of England and had infor- ted about \$600m in capital. No mal meetings with Bank regula- figures are published but it is

decision last month to admit existent. four British securities companies removed a potential obsta- never been motivated by quick cle to entry of the Japanese. In profits. Their desire to enter the absence of any other appli-. the UK market is partly a matcants it seems likely that both ter of corporate pride – they do the UK and the beneficial own-companies will be authorised to have global ambitions – but ership of UK government secubegin operations within a mostly to do with customer ser- rities. month or so.

poach a whole team of gilts spe- in gilts from time to time. cialists. The Bank would not

Simon Holberton and Stephan Wagstyl examine developments in government securities trading

like that and no one wants to offend the Bank. They have, however, engaged in some quiet recruitment.

settlement team from the ashes of Hill Samuel Wood Mackenzie; what effect they will have on this week Mr John Rickards, formerly of Samuel Montagu, The British subsidiaries of officially starts as head of Making a market in gilt-edged

thought profits are meagre and The Tokyo Stock Exchange's returns on capital almost non-

However, the Japanese have

Both houses are keen to be Mr Alex Monnas, a Daiwa there is a capability for the seen not doing anything which executive director, says: "The Japanese to have up to £10bn might upset the gilt market's most compelling reason for us invested in gilts in five years' operation. It is unlikely that to enter an overbroked and time. That is on the basis of either will swoop on an estab- overtraded market is because portfolio weightings in bonds. lished British or US house and we have a retail base interested

gilts from Japanese fund man-agers. Last week Garban Gilts, If that is the potent

an office in Tokyo, which indi- ing into the gilts market. cates that there is a demand to trade gilts actively and pointing gilt market's liquidity and its to the possibility that a signifiability to withstand large sales cant secondary market in UK and purchases of stock without in Tokyo. The Japanese have siready

become substantial investors in Tokyo said: "The question is glits. The best guess is that not how much [money] Japa-they own between about 3 per nese institutions have available cent and 6 per cent of the mar- for investment in the gilts market, or gilts worth between ket but how much the gilts mar-£3.75bn and £7.5bn. A guess is all it is, because of the lack of reliable data on cap-

ital flows between Japan and Some analysts suggest that

extrapolating that to reflect the UK's importance in government Their interest is likely to bond markets in the world.

grow faster if we promote it. The figure would be higher if tionships our retail base is continuing its cash flows into the Japanese in London. quest to find places to put its life-assurance and pension-fund money, places outside yen and sectors were invested on such a dollar-denominated securities." basis and newly deregulated There is clearly a demand for institutions opted to put part of

dealer brokers, decided to open level of Japanese capital flow- with local brokers will prefer to Japanese investors doubt the government bonds will evolve upsetting price levels too seri-

> As a Nomura official in ket can take." The Japanese investor will

also have to be educated in the market's ways. He is familiar with the US Tressury bond market but markets in Europe appear small and localised. Existing UK securities houses that service Japanese clients do

so mainly by sending them their London-based research, perhaps partly translated but otherwise the same as their domestic, European and American clients receive. Nomura and Daiwa believe research needs to

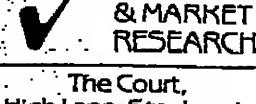
be tailored to specific Japanese Daiwa and Nomura are therefore unlikely in the initial phase of their start-up to target the big UK institutions for busi-

ness, although they hope through time to develop relationships with large investors Clearly, however, they are likely to take business away

from those UK primary dealers who have made an impression in Tokyo, if only because Japaagers. Last week Garban Gilts, If that is the potential, no one nese institutions having long-one of the six authorised intersections because of the six authorised intersections one of the six authorised intersections are sectionally expects to see that standing business relationships deal with them.

> ...if you need a whether forecast!





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Programme and the second of th

IT IS 8.30 am and the thin winter sun is starting to burn the mist off the pines as a group converges on a hillside cafe behind Nice. Once a month the Cafe de Sophia hosts the breakfast meeting for executives of the companies which have established themselves on Sophia Antipolis, France's first science park.

Over coffee and a croissant, Pierre Laffitte, a former prime mover behind Sophia ones. Antipolis, reviews 1987 and outlines plans for the year

to small business issues.

subcontractors be secured? How can small companies in France use European Commucies had succeeded in pushing engineers he needed locally. nity resources to break into foreign markets?

these issues are only of indi-ences. rect concern. Companies such as Air France, Digital Equiprather different problems.

matures - its first company wasn't satisfied with the local local network of hardware moved in in 1974 - smaller labour force." the big corporations.

that small businesses have a a company making smart vey. future alongside the big com- cards in April 1986 - plastic Mirwan Kahil, 36, already panies," Laffitte says after cards incorporating an elec- worked at Sophia Antipolis, the meeting. "We needed the tronic chip. First, France was for Dow Chemical, when he big companies in the begin- a leader in this technology decided to set up on his own.

Science parks

Broadening the Riviera base

Charles Batchelor on the role of Sophia Antipolis, in the south of France

because he could find the

and software companies to

ning but we are now at the director of the venerable stage of small companies School of Mining in Paris and being spun off from the larger

There are now 200 small companies in Sophia Antipolis alongside 160 larger corpora-Intriguingly, for a man who tions. The park's tenants now has done so much to attract range from one-man busilarge international corpora- nesses to DEC, the largest, tions to the Cote d'Azur, Laf- with 700 employees. Compafitte devotes much of his time nies in the park employ a total of 7,000 people.

Could the American idea of Sophia Antipolis is part of "business angels" - private an ambitious effort by the individuals prepared to back Cote d'Azur and towns such new companies - be brought as Nice to broaden the French to France? How can the Riviera's economic base away (also, though, Harvey's wife future of small engineeering from tourism and the perfume

> By the mid-1980s these poli- computer programmers and revenues from industry, sci- Harvey and his team of 13 ence and technology above at Telemediacartes are now

Despite this progress, the a conference visitor to scan a Dow Chemical and pharma- tion. The Midi will always to an electronic mailbox up to ceuticals group Wellcome, all have that image," concedes 48 hours after the end of a located in the park, face Jacques Medecin, mayor of conference. Nice. "But I've never heard a Telemediacartes writes its But as Sophia Antipolis managing director say he own software but it uses a

businesses have been develop- Craig S. Harvey, an Ameri- supply some of its needs. It is ing profitable niches among can former export manager, currently ahead of its projecchose Sophia Antipolis for tions and expects to be in "I'm more convinced now two reasons when setting up profit in 18 months, says Har-

Lebanese-born Kahil decided

His_company, Gourmets sans Frontieres, and its five staff now supply catering services to many of the large companies on Sophia Antipolis which lack their own dining room.

people had the same problem so I started delivering meals."

He has expanded by taking space in a local conference For some of his audience those of tourism and confer- working on projects such as a centre and companies from conference card, which allows outside the park have begun coming in to hold their conferregion continues to be dogged video screen for messages left ences. Turnover is currently ment Corporation (DEC), IBM, by its lotus-eating reputa- for him and to file questions FFr100,000 (£10,000) a month but he hopes to double

> Neither Harvey nor Kahil are very impressed with the financial help available to companies in their position though Harvey did receive funding from ANVAR, the French Agency for Applied Research, to develop some software. Both complain that both private and public providers of funding are unduly cautious or bureaucratic.

Despite the increasing popu-



Paul Hamburger was running a large local division of a "When I was at Dow I French electronics group, would be in a meeting with no Telemecanique, when, at the time to go out to eat," Kahil. age of 40, he decided to set up recalls. "Unlike the US, in his own consultancy in Sophia France you could not send out Antipolis. He feels that more for something to eat. A lot of should be done for the smaller company in the park and in the region generally. The park itself still thinks too much in terms of attracting the larger companies while regional aid is unduly bureaucratic, he

> Nevertheless, Technoption, the company Hamburger and 25 people; turnover is expec- January 12.

complains.

ted to rise to FFr9m this year from FFr6m last.

The region is attempting to increase the facilities available to small companies. The city of Nice plans to open an incubator this year to house about 30 small firms and part of a large business centre being built near the town's airport will be split into units suitable for the smaller com-

Following the passing in more power to the regions, an economic development agency for the French Riviera, Cote d'Azur Development, was set between £1,000 and £15,000 suade outsiders to move to the Riviera – it helped Telemediacartes establish itself – per cent (equivalent APR 13.8 but it has been involved to per cent). setting up the incubator unit.

impressive progress to diver is an arrangement fee of 1 per sify its economy. But like cent (though this will be other regions in Europe which waived for existing customers have attempted to attract for the first three months of inward investment, it remains (this year). vulnerable to head office decisions taken hundreds or thousands of miles away. Some of months once the loan is those regions now see promo- agreed, which allows the ting home-grown small busi- small businessman to negotiness as a way of creating sta- ate a good cash deal with his bility. For the Riviera that supplier, knowing the money process is just starting.

Previous articles in this a friend founded four years series were published on ago, has done well. It employs December 8, 15 and 29 and



Tailored touch for two loans

BY CHARLES BATCHELOR

FURTHER proof of the keen competition between the banks for the small firm's business comes with the announcement of two more specially-tailored

schemes Lloyds Bank has launched a Small Business Loan of

Monthly repayments are fixed and there is no penalty The Riviera has made for early repayment but there

A feature of the loan is a certificate, valid for three is there when he needs it.

Customers who open a loan before the end of March may enter a free competition with 30 prizes of £1,000 worth of computer, equipment or tuition on the way to use it. For small businesses in

country regions the Co-operative Bank has joined the four big clearers in offering a special loan scheme in conjunction with CoSIRA (the Council for Small Industries in Rural Areas).

The bank will make loans of £2,000 and upwards at preferential rate of 2.5 per cent over base rate to companies with 20 or fewer skilled workers in areas with a population of fewer than 10,000. Participants in the scheme will also receive 12 months of commission-free banking.

Loans may run for up to 20 years with the possibility of a two year repayment holiday. There is an arrangement fee of 0.5 per cent.

The VATman pays -on approval only

NO BUSINESS likes waiting for VAT repayments from HM Customs & Excise. It is particularly galling, then, to find that when repayments are late, the letter of British law can work against small traders - whatever Customs' own explanatory leaflets say.

David Franklin and his two fellow directors in D Franklin Ltd, an importexport and small manufacturing company employing ten people, are smarting over a run-in with the VATmen that proves this point.

Last August, the company was owed a VAT repayment of £14,119.40. An explanatory leaflet from Customs says that repayments are made within "an acceptable period". This is defined as 30 days, unless there are any outstanding matters or investigations that hold up the payment. Customs are liable to pay a penalty of 5 per cent of the

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amount due for any late repayments. So when Franklin's repayment arrived 33 days late, the directors naturally expected to receive an extra \$705.97 by way of penalty. They were wrong; after correspondence with the chairman of Customs and 10 Downing Street, Franklin was told that there would be no penalty. The letter of the law, it appeared, was

not on his side. The 50-day rule, enacted by section 20 of the 1985 Finance Act, applies not to when payment is received, but to when Customs approves payment. The two can be very different things, as Franklin points out.

The fact that 90 per cent of VAT repayments are made within two weeks is little consolation to him or to the traders who are waiting for the other 10 per cent.

Richard Waters

Where roses are blooming

SERGE GUDIN (right) selects a vase provide openings for university labo- not have a fully developed research of roses and checks the date tag. ratories to gain industrial contracts. "These have stayed fresh for 20 days since we cut them," he says, replacing them on a table among decidedly would be entitled and the company tired-looking specimens.

University of Nice, is on a three-year sizes, the government two years ago assignment at Meilland, a family- made a point of re-orienting it to owned company based near Antibes. small companies, which face particu-He combines work on his doctoral lar problems in funding research. thesis on the reproduction of roses the vase-life of its blooms.

Gudin and Meilland have come the roses sold worldwide. together as part of a French govern- Despite this pre-eminence it is still ment scheme known as CIFRE, which a small company with turnover of French companies, give graduates employees. industrial working experience and Until Gudin joined, Meilland did few days," he says. "I want to stay."

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The Government meets half of the minimum wage to which the student pays the rest. Though the CIFRE pro-Gudin, a graduate student at the gramme is open to companies of all. ble.

Meilland is a long-established comwith Meilland's attempts to extend pany - founded in 1870 - which claims to have created one in three of

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programme. He now heads a team of four researchers who have all joined since his arrival and the company is carrying out more fundamentalresearch than was previously possi-

"The problem for the small firm is to be innovative while at the same time lacking the means of funding research." says Jacqueline Mechali. administrative chief of research at Nice University. "The academic laboratories have the capacity and the student provides the link."

Gudin says he always wanted to combine academic research with seeks to bring research expertise to some FFr100m (£10m) and 130 working in industry. "I'm going to discuss my future with the company in a



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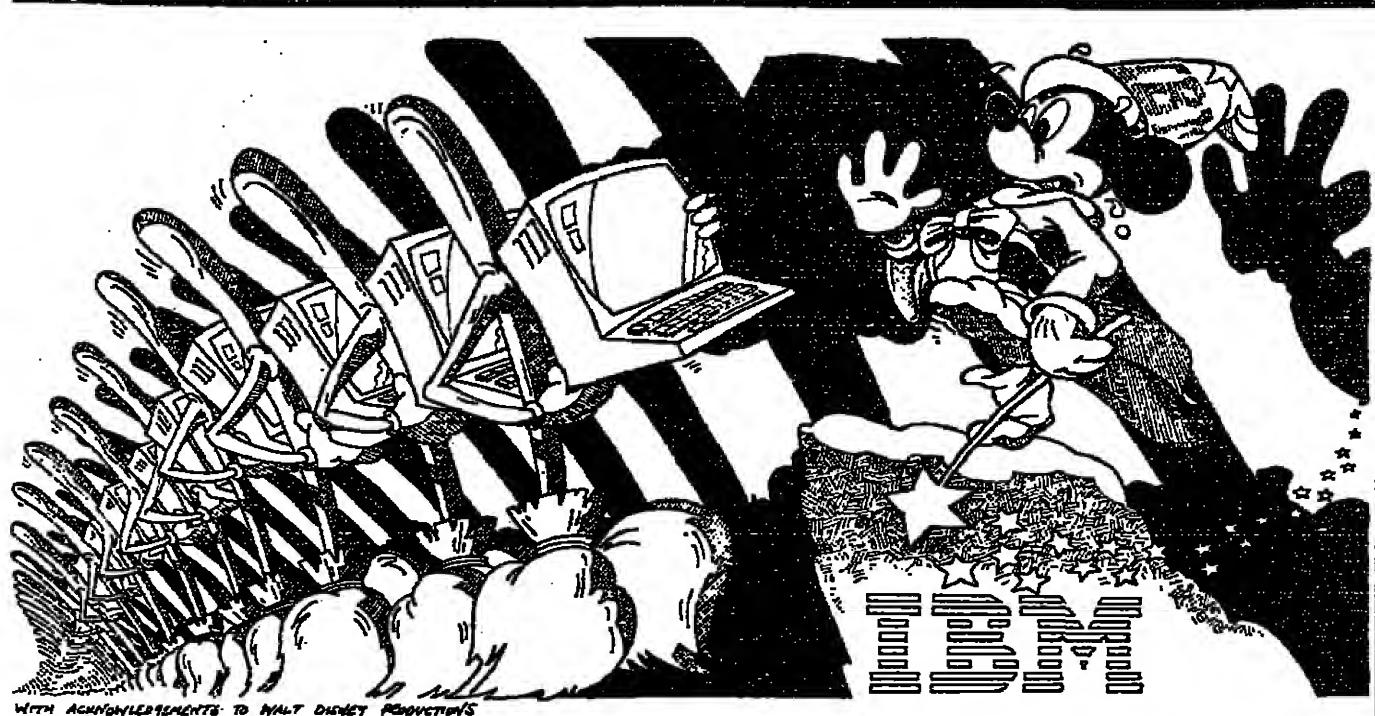
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Here come the 'clone killer' clones

IBM looks set to fight PS/2 copycats in the courts. Louise Kehoe reports

soon as April, according to a ifornia and Western Digital only the specifications of the more. group of US companies that Corporation of Irvine, Califor- function that they are trying last week unveiled a set of nia have been working fever- to create. components and software ishly to invent chips that that mimic the key functions emulate the functions of cations, a separate group of of the IBM machines. While IBM's components. the technical challenges of cloning the new IBM personal companies such as Phoenix neer" them. This approach computers may have been Technology have been devis- should afford the chip makers overcome, however, there ing their own versions of pro- some protection from potencould be a number of legal hurdles ahead.

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"Anybody that introduces a clone of the PS/2 is playing Russian Roulette with his company," warns Gervaise Davis, an attorney who specialisés in high technology

property rights issues. He predicts a major legal battle with IBM for any company that tries to sell PS/2 compatible machines.

When they were first introduced last April, IBM's PS/2 computers were dubbed the "clone killers" because they contained proprietary chips, unlike IBM's first generation personal computers which were built using standard off-the-shelf components.

IBM was said to be determined to prevent a repetition of the way a proliferation of clones of its earlier models took a significant portion of

Ever since the PS/2 was

workings of the computers. IBM chips. Both Western Digital and are fully compatible with and software companies. even outperform IBM's equiv-

forces in the world. of legal problems as "pure technology."

alent components.

speculation".

cial at Western Digital.

To determine those specifiengineers must take apart the At the same time, software IBM chips and "reverse engigrams that control the inner tial accusations of copying

So far, the "sleeping giant" Chips and Technologies say has not been aroused. IBM they have now completed has taken no action against development of chip sets that any of the semiconductor or

IBM says, however, that it will "look at products and Now the pieces are in place, computers as they appear" to but the question is will any determine if its intellectual computer company have the property rights have been nerve to use them? If they do, infringed. IBM also stresses they run the risk of incurring that it "has made a substanthe wrath of IBM and face the tial investment in the develprospect of a fight with one opment of the PS/2 computof the most powerful legal ers" and that it "has absolutely no intention of The chip makers reject talk licensing others to use its

The biggest problem facing "We are confident about our would-be makers of IBM PS/2 designing their chips. This to protect the PS/2. But these company."

"CLONES" of IBM's newest launch, however, several com- means that the designers do will not be published until Personal System/2 personal panies including Chips and not have access to details of they are granted, and that computers could appear as Technologies of San Jose, Cal- the IBM designs, but know will probably take a year or

> Also unclear, because it delays. computer runs the risk of agreements. having its product inventories | Lending organisations - the copyright issues.

That could take months and cost millions of dollars, say US lawyers. In the meantime, IBM's competitors are moving in the dark, not knowing when and where they may run into legal problems.

IBM has offered little guidance. The chip makers should be extremely careful, says Davis. IBM, he warns, is always determined to protect its intellectual property

"When it moves, it is like a technology and about our compatible computers and bulldozer coming toward system to monitor the proglegal position," says an offi- their chip suppliers is that you!" he says, speaking of ress of life proposals through nobody knows exactly which IBM's renowned legal power. the automated underwriting Both Western and Chips elements of IBM's computer "It will pitch three or four network. and Technologies say they design are patented. IBM is law firms...50 lawyers or have used what is called a said to have filed dozens of so...with a multi-million dollar

Sun rises on era of electronic marketing

By Alen Cane

SUN ALLIANCE, the UK's largest household insurer, has moved into the era of electronic marketing with an ambitious new information system aimed at its sales intermediaries, such as brokers and building societies.

It comprises networking facilities to link inexpensive personal computers on the desks of the insurance company's intermediaries with the Sun Alliance mainframe computer centre at Lennox Wood, West Sussex.

Such computer links are not unusual, but Sun Alliance believes it has taken a signifi-cant lead in the quality of the information available over the new network.

Named "On-Call", the sys tem is said to be of particular help in processing mortgage applications because intermediaries will be able to track, on their personal computer screens, how far the application for a mortgage has progressed and spot potential

depends upon how the Ryder Cowan, a technical patents were written, is specialist with Sun Alliance, whether a set of chips on its says that such queries can own infringes IBM's rights or generate huge traffic on the whether a computer has to be lending company's computer assembled before legal prob- system. On-Call by-passes this lems arise. Any company that problem through clever techlaunches a PS/2 compatible nology and smart business

frozen and withdrawn from National Home Loans Corpothe market while the courts ration and the Mortgage Cordecide upon the patent and poration are the first - agree to download nightly mortgage details to the Sun Alliance computer.

> Sun's system then creates a "shadow file", a copy of the lender's information, which can be examined over the On-Call network without putting any extra load on the lender's

On-Call incorporates, in addition to mortgage tracking, quotations for mortgages and life proposals, automated processing of mortgage applications packaged by Sun Alliance, and a new business

Commission statements are available on-line and elec-"clean room" approach to patent applications in the US budget against some little tronic mail is part of the sys-

MORTH WATCHING Edited by Geoffrey Charlish

Slow MAP may miss the boat in Europe

THE LATEST Telematica report from Logica, the UK information systems house, suggests that if the stan-dard for MAP (manufacturing automation protocol) does not soon stabilise, its European competitor, CNMA (communications network and manufacturing

applications) may be adopted in applications outside North America. Telematica is a multi-client market information service covering Western European information rechnology markets. MAP, originated within General Motors in the early

1980s, is computer communications software that enables manufacturing equipment from different manufacturers to work together over the same cable network. MAP has met with some opposition from people in the established network-providing industry, notably Ken Olsen, Digital Equipment Corporation's president. Olsen has described GM's pre-occupation with networks as "rather like me

wanting to make cars." CNMA was initiated by the European Commission as a competitor to MAP. It has the support of 13 major companies including British Aerospace, GEC, Siemens, Nixdorf, BMW and Olivetti. Both MAP and CNMA have the same objective, however, which is to get practical factory automation networking into action using standards now largely finalised by the International Standards Organisation.

UK opens doors to factory automation

NEARLY 100 UK companies have agreed to throw open their doors to any UK manufacturing industry executive who could benefit from their experience in flexible manufacturing systems, robotics, computer-aided design and several other areas of automation. The programme, called

Inside UK Manufacturing, is operated by IFS (Conferences) of Bedford for the UK Department of Trade and Industry. The visits are

free to UK production people but are not available to academics, students, consultants or non-UK residents.

Visitors can see one or two companies in the same day or can spend two days looking at three or four sites, with an overnight stop. A brochure, describing what the companies can show and giving the dates of the visits, is available from IFS.

Soft spot for faulty motors

INSPECTORATE UK of Lod-don in Norfolk has developed software that enables induction motor faults, or incipient faults, to be detected while the motor is

Called Motormonitor, the software runs on IBM and Hewlett Packard personal computers, and no special experience is needed to operate it. The user simply enters data about the type of motor and after analysis of the current in one of the motor's windings the program makes one of 26 possible recommendations.

These range from "running OK" to "remove from service immediately".

US given a better view of production

MACHINE VISION, in which a video image is examined by complex digital circuits to recognise shapes or patterns and make decisions on production lines, has been taken a step further by US company Cognex of Needham, Massachusetts.

The company has designed an application-specific integrated circuit (ASIC) that carries out a number of processes in machine vision which would otherwise call for nearly 100 off-the-shelf chips. It also does its job at three times the speed and about a tenth of the cost of the equivalent conventional circuits of Cognex's current machine vision products.

The company will incorporate the chip into its next generation of systems and will also be making it available to other system manufacturers. Advantages are higher performance, lower cost and more compact equipment.

Kodek adds colour to a policeman's lot

POLICE forces, estate agents and picture libraries are among those that could benefit from Edicon, a Kodak system which allows quick reference to large numbers of colour photographs and the information associated with them.

The police for example, could do away with the "mug shot" picture books shown to witnesses of crimes, where officers have to decide which group of pictures to show.

With Edicon, personal descriptions of the criminals are recorded with the photographs. Then, if the witness can remember a few facial features like blue eyes, greying hair and glasses, the computer will bring up only suspects with those characteristics.

Each picture can be made to fill half the screen, the other half showing text describing the person. Alternatively, a "gallery" of two dozen or so faces can fili the screen. In both cases, the picture quality is high because IBM's new enhanced graphics adaptor

Large estate agencies can use Edicon to show property buyers interior and exterior views of houses. In photo libraries, a very quick revue of what prints are in stock on a particular subject can be screened.

A complete Edicon system with the software, video camera, colour printer, IBM AT personal computer and magnetic storage that holds 3,300 images, costs £30,000 to £35,000, depending on the software complexity.

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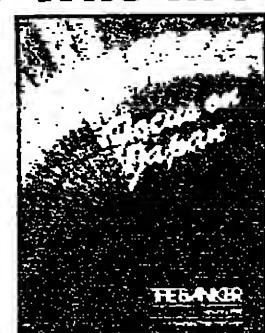
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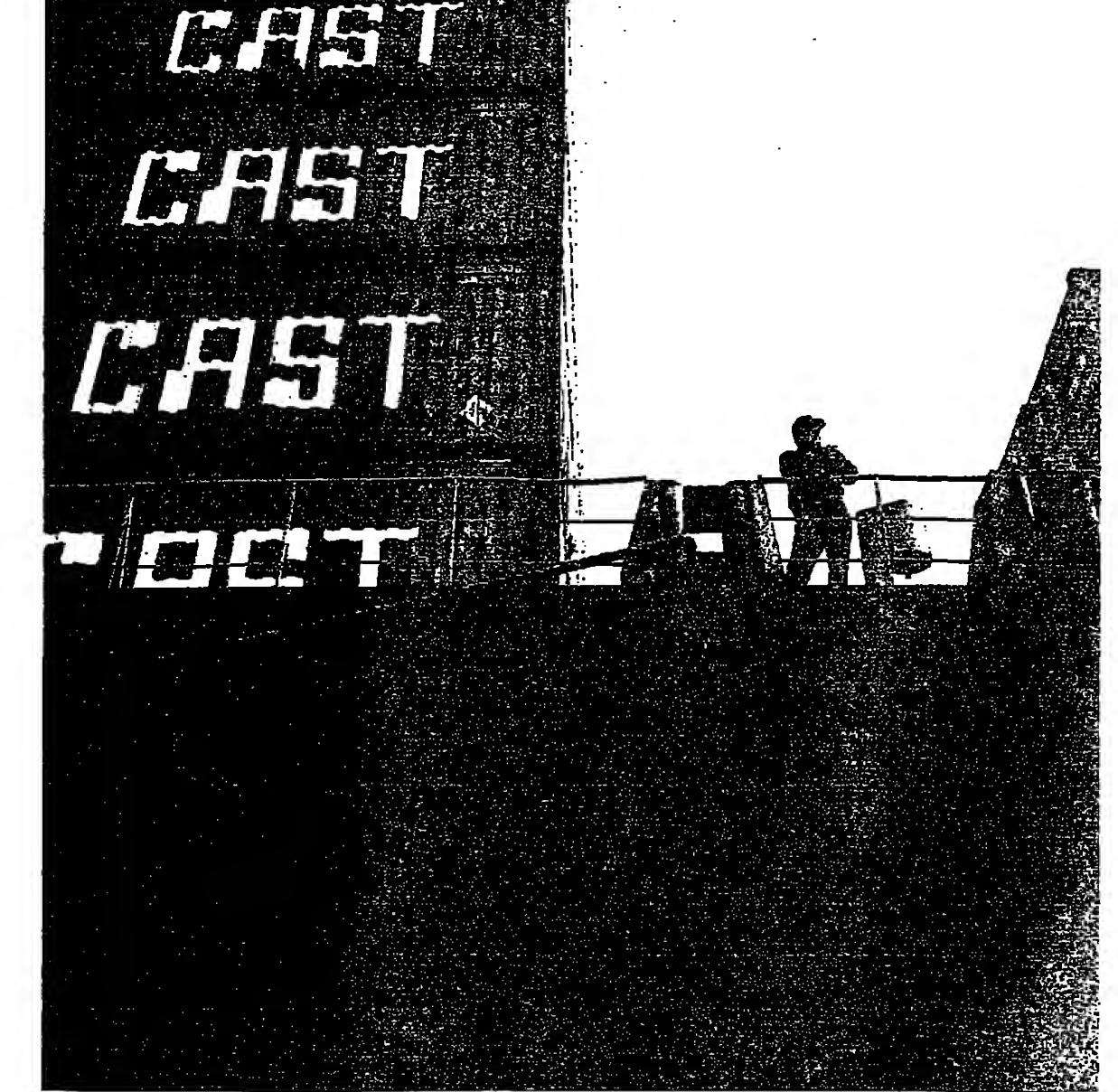
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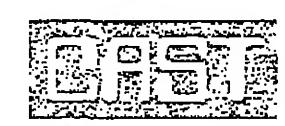
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Please write to: David Acheson, Stoy Hayward Franchising Services, 8 Baker Street, London W1M 1DA. All correspondence will be treated as Confidential.

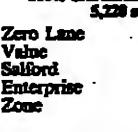
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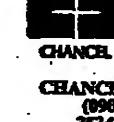
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The companies plant includes a full range of form, fill and seal machinery trading from a new 60,000 sq.ft. D.H.S.S. licenced leasehold factory in an Enterprise Zone in Telford, Shropshire. For further details please common une Joint Administrative Receiver, P.G. Ellis. For further details please contact the

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Both in Receivership

Designer and manufacturer of switchgear and

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► Combined turnover £2.5m approximately.

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Coopers

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* Full range of specialist bookbinding plant and equipment *Annual turnover-£1.5 million

★ Skilled workforce − 50 people * Sound customer base and reputation for high quality For further information please contact the

KPMG Peat Marwick McLintock Puddle Dock, Blackfriars, London EC4V 3PD



Telephone: (01) 236 8000 Telex 8811541

Joint Administrative Receivers:

John Alexander or Phil Wallace



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KPMG Peat Marwick McLintock Arlen House, Salisbury Road, Leicester LE17QS

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Grant Thornton CHARTERED ACCOUNTANTS



LAUNDRIES

An opportunity exists to acquire majority control in the above company and its wholly owned subsidiary iXL Laundry Limited.

The companies operate from freehold premises in Stockport (Meadowside) and Buxton (IXL) which are 25,000 square feet and 15,000 square feet respectively and include office accommodation.

The turnover in the year to 30 November 1987 was some £1.5m of which Stockport produced around

Offers are invited from parties interested in acquiring a majority shareholding who should in the first instance contact:

&Lybrand

Martyn Boddy Coopers & Lybrand M1 4DZ Tet: 061 236 9841 Fax: 061 228 2664 Telex: 667257

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Controlling Shareholder/Director retiring due to E health. Price Guide Circa Principals Only to Box H2005, Financial Times, 10 Camers Street, London EC4P 48Y

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Bez H2992

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Hyde, Cheshire

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* Fully installed with ancilliary equipment, ready

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 Major cost and performance advantages * Universal application in flats, offices etc.

Patents applied for

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Well-equiped machine shop
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MANAGEMENT EDUCATION AND TRAINING

Publication date 22 March 1988 Copy Date 8 March 1988

The Financial Times proproses to publish this Survey

on the above date. A number of areas will be covered including:

* How can "Intuitive" thinking be improved? * How are leaders developed and teams built?

* What is to be done about British Management?

* How do Managers actually think?

Please address all inquiries or suggestions concerned with the editorial content of this Survey to the Surveys Editor. Advertising information can be obtained from Jacqueline Keegan Tel 01-248 8000 extension 3740 or contact your usual Financial Times representative.

> ************* **FINANCIAL TIMES**

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EUROPE'S BUSINESS NEWSPAPER

Company Notices

Société Nationale des Chemins de Fer Belges (S.N.C.B.)

Nationale Maatschappij der Belgische Spoorwegen (N.M.B.S.) US\$ 75,000,000 Floating Rate Notes due 1991

(of which US\$ 50,000.000 have been issued as an Initial Tranche)

guaranteed by

The Kingdom of Belgium

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from January 25, 1988 to April 25, 1988 the Notes will carry an interest rate of 7%% p.a.

The interest payable on the relevant interest payment date.

April 25, 1988 against coupon n°9 will be USS 1,816.84 per Note of USS 100,000 nominal and USS 4,542.10 per Note of USS 250,000 nominal.



NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN

NOMURA SECURITIES CO., LTD.

Further to our notice of October 7, 1967 EDR holders are informed that Nomura Securities has paid a dividend to bolders of record September 30, 1987. The cash dividend sayable is Yen 12.5 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 13 for payment to the undermembered agents. Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid difficult of residence at a country having a tax freely or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt.

F.R. of Germany

Malaysia.

Singapore

Singapore

Singapore Malaysia The Netherlands New Zealand United Kingdom U.S. of America Potend Rep. of Korea Canada Czechoskovakia

Failing receipt of a valid attidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1988. Amounts payable in respect of current dividends.
Coupon No. 13 Dh
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denomination 1,000 shares Depositary: Otibers, N.A. 335 Strand, London, WC2R 1HB

Agent: Cocorp Investment Bank (Luxembourg) S.A. 18 Avenue Mane Therese

Dividend payable

less 20% Janenese

Notice of changes of conversion conditions to holders of 120,000 warrants to purchase savings shares of BNL (Banca Nazionale del Lavoro) issued by

> **EFIBANCA** Ente Finanziario Interbancario S.p.A

In accordance with the terms and conditions of the "Warrant Agency and Custody Agreement" dated 2nd April 1967 of the above mentioned leave, notice is hereby given by Morgan Guaranty Trust Company of New York, acting as warrant agent through its Brussels Office. that, with effect from December 18th, 1987, the purchase right and the exercise price of the warrant into BNL savings shares have been adjusted to reflect the decision made by the BHL shareholders at the meeting held on October 24th, 1987 to proceed to the distribution of one new boxes 65%, spring share (dividend bearing as from November 1st 1967) for every the of the same class bold. Effective December 16th 1987, each warrant will consequently give the bolder the right to subscribe to 54 ERKL savings shares (areviously 45 savings aheres) at a price of ITL 94,525 (previously ITL 29,485) per where. Until the next dividend playment, scheduled to be during May 1988 (date at which time the new pro rate bonus situres will autometically rank part passu with the old ones) delivery of

> PACIFIC GROWTH FUND Societe d'investissement a capital variable : 2, boulevard Royal - Luxembourg R.C. LUXUMDOUNG B-25332 DIVIDEND ANNOUNCEMENT

the exercise shares will be made by assignment of 45 old shares dividend bearing as from

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The dividend is payable to holders of bearer shares against presentation of coupon no.2 to BANQUE INTERNATIONALE A LUXEMBOURG.
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The interest payable on the relevant interest Payment Data, Joly 25, 1988 against coupon No 4 will be US\$ 385.53 per Note of US\$ 10,000 nominal and US\$ 2,163.19 per Note of US\$ 250,000 nominal and US\$

January 1st 1967 and 9 new torses shares.

PARIS

USD 250,000,500 floating rate notes due 1997 acclicable interest rate for the interset period from 21st Jenuary 86 up to 21st April 88 as determined by the referance agent is 7% per cert per avelen marriely USD 1880.03 per bond of USD

BANQUE NATIONALE DE

The Board of Directors

Public Notices

SHIP WATTER OF CREATIVE HOLDINGS LIMITED AND IN THE MATTER OF THE PROLYENCY ACT 1986

THE AGENT BANK
KREDIETBANK
S.A LUXEMBOURGEOISE

M THE MATTER OF RAYEREST LUCTED AND M THE MATTER OF THE RESOLVENCY ACT

Motice is heraby given that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of February, 1988, to send in their full Christian and sumannes, their addresses and descriptions, full periculars of their dates or claims, and the names and addresses of their Sciiotors (if any), to the undersigned PATRICK WALTER JOHN HARTIGAN of 1 Wandrobe Place, Catter Lane, London ECW 544 the Line Notice is hereby given that the creditors of the above-named Cotapety, which is being voluntarily wound up, are required, on or before the 23rd day of February, 1968,to send in their full Christian and surparess, their addresses and descriptions, tull particulars of their debts or claims, and the names and addresses of their Solicisors (if any), to the undersigned PATPICK WALTER JOHN HARTIRAN of 1 Wardrobe Place, Certer Lane; London EC4v 5AJ the Liquidator of the said Company, and, If so required by notice in writing from the said Liquidator; are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shell be appointed in such notice, or in detault thereof they will be excluded from the benefit of star Place, Center Lane, London EC4V SAJ the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solcitors, 40 come in and prove their debts or chies at such time and piece as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are

they will be excluded from the benefit of any distribution made before such debts are Dated this 19th day of January 1985. IN THE MATTER OF BASEBOARD LIMITED Dated this 19th day of January 1986. AND IN THE MATTER OF THE INSOLVENCY

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Notice is hereby given that the creditors of the shove-named Company, which is being voluntarily wound up, are required, on or belong the 23rd day of February 1986, so send in their this Christian and summent, their activeness and descriptions, full phritotians of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PATFICK WALTER JOHN HARTIGAN of 1 Wardrobe Pisce, Certer Lane, London ECCV SAJ the Liquidator of the said Company, and, if so required by notice is writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place at shell be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Drowed. Dated this 19th day of January 1988."

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Tate in the North/William Packer

Renaissance on the Mersey

The Tate Gallery is always fair game, for there is no close season to interrupt the fun to allow the poor old thing to. recover itself. Good to keep it on its toes, we say after an enjoyable visit.

Take, for example, its current project for expansion, to establish an annexe in Liverpool as "The Tate In The North." How transparently worthy and well-intentioned an enterprise it is, and how open to mockery and misrepresentation: it all smacks of the guilt-ridden early 1980s and the sleek South patronising the stricken North which surely wants nothing more than a major gallery of modern art of its own.

Liverpool, engaging, feckless Liverpool of all places, is naturally to be the first to benefit by this cultural munificence. And where better to put it all, in these conservation-minded, urban-renewing times, than in

urban-renewing times, than in the Albert Dock, that handsome, derelict Victorian survivor of modern corporate redevelopment. That it also stands as a poignant and emphatic symbol of the Liverpool that was but will never be again, is perhaps a point tactfully to

And who better to oversee the conversion of this key element in the burgeoning leisure and commercial complex of the-James Stirling, whose vision of the modern museum has been the architectural flavour of the decade. I must confess that I great plans, was sceptical.

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ALT BETT AL.

But the Tate after all, is enjoined by statute to maintain on our behalf collections of modern British and international art that embrace both the best and most significant examples, which are not necessarily coincidental. That there should always be, in consequence, far more of the actual work in store than on show is not in the least degree scandalous, but tive that increases the practical obviously to be welcomed.

As for the migration into the remote North-West, it is neither a perverse nor sentimental indulgence, and has little to do with politics but for the opportunity those politics afforded. The great cities of Britain may have their fine museums and civic galleries, but there has yet

musical? In retrospect, there

original's emphasis on produc-

Broadway's - and the West

End's - relience on extra-musi-

Of the British premiere, one

ble: and compared with its con-

temporary, West Side Story, the

with the same authors original

- cinematic - Gioi, the songs

Liz Robertson reminds us of

ley's Higgins has palpably

incidentally underlining the

production's weakness. As his

spoken asides rang increasingly

stale and flat, it became clear



The ground floor gallery, with its original floor, cast-iron pillars and ceiling vanits

planner's boutique dream than lery that can take the larger major exhibitions that are commonplace in London, Paris, New won me over to the building York and so on. Again, any itself. Even then, for all the move to break such metropoli- obvious smartening-up and too, when I first heard of these tan monopoly is to be welcomed. Liverpool's Tate can hardly claim to serve half the country, but may well be placed to serve half the people.

itself, the block of Jesse Har- solidity, scale and physical tley's magnificent 1840s dock on the prime corner site that looks across the Mersey to Birkenhead and a few hundred yards along to the Liver and Cunard Buildings at the Pier merely inevitable. Any initia- Head. The whole complex is be done. listed Grade I. and rightly so opportunities for display is for it is unique in Europe, and a standing reproach to London for its rape of St Katherine's Dock, once its equal.

> I saw it for the first time some two years ago when in all its sturdy dereliction and decay further damp, and all the ser- tional. There is to be no perma-Mr Stirling's plans for its recov- vices of a modern museum put nent hang as such, nor any ery were made known. Now, in But the old cast-iron pillars development of a collection

take another look That first view had certainly trendification that was going on

round about, perhaps because of it, one could see just how marvellous a place it was and sense the opportunity it represented if only its essential And then there is the building spirit could be retained, its presence. Architect's drawings and impressions were there in plenty at that time, to explain only imagine what was intended and fear what might

> had the old simple vaulted roof substantially replaced, certain dies, represents phase two with view across the Mersey to catch floors removed to achieve a completion in 1991. reasonable gallery height, the hanging walls faced and panelled to keep out the chill and

brick walls. It is still very much deadline fast approaching the phase is already clear.

storeys above ground level, there are now only four, for the mance space and artists' stu- weather, there is always the

The declared policy is to deal only with the art of the 20th century, British and internathem, Edinburgh apart, a gal- the end of May, is the time to and, where possible, the bare programme of substantial of luck.

long-term displays, based upon a building site but, with its first the collections of the Tate in London but augmented by loans finished state of the initial as maybe and extended over a period of anything up to three Where there were five years. The inaugural pair, occupying the large galleries on the ground floor, are given respecprincipal ground floor galleries tively to the Tate's large holdhave been given the double ing of the work of Mark Rothko height, with a small mezzanine and to Surrealism. The first in a retained for shop, restaurant programme of temporary shows and offices. These and what are will be a large loan exhibition now the first floor galleries are of British Sculpture since 1968, to open in May and, with those which will occupy the consideron the second floor which fol- able acreage of the first floor and reassure, but still one could low in July, constitute phase galleries until September. In one. The third floor is given July, to fill the second floor, over entirely to the necessary comes a survey of British sculpservicing of the building and ture since 1918, another the works of art, while the long-term display from the col-It has now been dried out and fourth, with its gallery, perfor- lections. And, whatever the

It is indeed an exciting and intriguing prospect, with every probability after all of proving a great success. I hope and believe so, and wish the curawith the first phase of the proj- remain undisguised, also the peculiar to the Tate in the tor, Richard Francis, and his to be established in any of ect due to open to the public at shallow interior ceiling vaults, North. Instead there will be a newly-recruited staff the best

and console the eye.

London Sinfonietta/Festival Hall

David Murray

sive pieces for very different ensembles create). Besides two real premières and a newly enriched operatic suite from Hans Werner Henze, there were stagings of Ravel's L'Heure espagnole and the Brecht-Weill Seven Deadly Sins, and a great deal more. Too much to discuss: briefly, David Atherton conducted an exquisitely musical Webern op. 10, and three grandiose, overweening movements from Messiaen's Des Canyons aux etoilés (soloist Paul Crossley), and a fine Stravinsky Agon which sounded a bit soft-

Few London music-lovers can certo, under Simon Rattle with sense; and also whether Rattle be unaware that the London Michael Collins on clarinet; but has a real taste for the kind of Sinfonietta is celebrating its they made a wonderful rave-up polsoned aweetness that twentieth anniversary – a of Bernstein's Prelude, Fugue Henze's music shares with

On Sunday they celebrated by varied use of the voices, and performing for hours and hours shored up by richly gritty Remison's jocular production orchestral sound — no fake was a hearty rough sketch, never quite solved the stage-regrouping problems that successions are suitabled by the voices, and the color of the color of the voices, and the color of the color

tions are fascinating, and the what we chiefly love them for. original interludes retain their

twentieth anniversary — a crafty knack for publicity is, after all, one of its great and essential strengths. We should have been incomparably poorer without this band: without it, something else would no doubt have sprung up, but it's not easy to imagine how it could have been as good without simply being the Sinfonietta. Though its longer-standing members have been bulging out of their bright-hued shirts for some years now (the trimfit days are over), their eagerness to tackle new challenges and their virtuoso skills are intact; and if their programmes favour more venerable senior composers than they used to — their favourites have aged along with them — they still cultivate much younger ones.

Though its longer-standing from the potent of their bright-hued shirts for some years now (the trimfit days are over), their eagerness to tackle new challenges and their virtuoso skills are intact; and if their programmes favour more venerable senior composers than they used to — their favourites have aged along with them — they still cultivate much younger ones.

Though its longer-standing for this beautifully-wrought of their bright-hued shirts for subtly inflected vocal line, with a plethora of string quarret. Only six minutes what was called "simulated long, but no apology was due intercourse" in the '60s. A theattrial economy was achieved, and Brecht's point destroyed, so served as her crude exploiters terned over long ostinati. Atheory of the Berg'a.

Weill's more astringent irony suits Rattle very well, and musically The Soven Deadly Sins — bravely led by Elise Ross of some years have "song of sharp bite. Christopher Alden strangelments too.

As a birthday present Harrison arrangements too.

As a birthday present Harrison berg it in the song at the singing Anna — had a string quarret. Only six minutes what was called "simulated long, but no apology was due intercourse" in the '60s. A theattrial economy was achieved, and Brecht's point destroyed, sord in the Berg'a.

Weill's more astringent irony wuising Anna shr To the five "Piccoli concerti" with style. Atherton dwelt drawn from his English Cat appreciatively upon the tender opera, Henze has added linking undertones of Ravel's score, at "ritornelli," primarily piano-re- some measurable cost to pace flections which not only make and to mock-rigid Hispanic hidden connections explicit - poise: Ravel's priorities - and composed "functional analyses" he was a thorough professional in the spirit of Hans Keller's - - would have been just the but expose some of the deeper other way round. These occalinks with Henze's avowed for- sional Sinfonietta charades mal model, the "Diabelli" Varia- rarely match their standards in tions of Beethoven. The addi- straight music, and are not

curiously pungent flavours. I The list of compact discs which still doubt whether the music was inadvertently left off conveys, when detached from David Murray's Record Review edged in this hall. So did the the whole opera, more than last Saturday will be printed in same composer's Ebony Con- half of its proper ambiguous next Saturday's Arts page.

Orchestre de Paris/Barbican Hall

Paul Driver

The Orchestre de Paris and its massively sonorous, full of tell- able in the symphony: the first musical director Daniel Baren- ing detail (nota harmonic or violins feathered their opening boim paid a flying visit to Lon- pizzicato fleck went to waste), phases in a way that was purdon on Sunday afternoon, yet conceived on the loftiest est Bruckner. This colossus of a playing a high-minded pro- scale. Tempi were predomi- first movement (it feels like a gramme in the Barbican Hall nately broad, pauses were complete work in itself) was with a severe splendour. The thrillingly made much of and made to seem a totally convincorchestra is on admirable form became great structural pivots, ing structure - it never tot-- Barenboim has made it an climax succeeded climax on a tered, and Barenboim showed a instrument of power and sleek- finely measured gradient, and comparatively rare ability to ness, but more than that, he by the end (but the work won- combine maximum spaciousness seems to have imbued it with a derfully seemed to last for with maximum cohesiveness in definite spiritual seriousness.

The main item was Bruckner's unfinished and vast ninth symphony, but instead of prefacing it with something modest and unstrenuous as one would expect, Barenboim offered Schoenberg's towering Verklarte Nacht tone-poem (in the string orchestral version of 1943), and what's more gave it an interpretation which unmistakably stressed the work's arguably Brucknerian character. It was a magnificent

ever) one's sense of psychologi- a Brucknerian interpretation. cal release was immense.

Technically the performance was faultless: the string body was impressively disciplined, always of one mind (Barenboim's), and with large quantities of luminous tone at its disposal. The rich acoustical effect was all the more satisfying for the positioning at the rear of the platform (not, as usually, to one side) of the double basses in a mighty row.

He evidently sees the point of Bruckner's aesthetic, and few people ever do.

There were many moments during the performance when the well-known resemblance between Bruckner's full orchestra and the timbres of a great organ was delightfully palpable. It was an authentic performance in every way. The scherzo and trio was a brief glistening before the colossus of third movement - the famous The panache of the string sec- Adagio - reared up, and was account: both streamlined and tion was immediately notice- revealed in the noblest light.

My Fair Lady at The Palace, Manchester and Escape to Styal at Quarry Bank Mill

Martin Hoyie

premiere of Lerner and Loewe's My Fair Lady, in short, is being no more. And this philologist's tional in the role), she projects record-breaking Pyqmalion treated as a classic, and Lerner own accent could repay a spot unmistakable quality, notably and Loewe, unlike G & S, sim- of analysis, especially when in "I could have danced all The work is less a multi-faceted middle-class aspiring refine- performance, packaging and ton's costumes, as if the age of classic, fresh at each subse- ment? Odd, with a mother as presentation - that it can get. quent viewing, than an old fam- elegantly stylish as Georgina ily friend whose jokes are pre- Cookson makes Mrs Higgins. cal factors had already dawned. dictable. whose stories are over-familiar, who needs to get ittle is a squatly ebullient A 20-minute train ride from sake of past glories.

music emerges as conningly tai-. lored pap and padding. But, as this at Manchester's Opera ron Mackintosh stable, though House when she launches is reassuring, since Denis Quilfailed to make the point with Jack Gunn (choreographer) put tation concerning an equine "Why can't the English?" while the cast through paces so famil- rump). iar that they are cliches.

Norman Rossington's Dool-

affectionate tolerance for the more a foreshortened demon that last week were white with down; and offered a simulation king than a proletarian philoso- unexpected snow leads to of the apprentices' breakfast Emming until April, this is a pher. As Freddy, Robert Mead- Quarry Bank Mill, Styal, one of (porridge, onion and oatcake) real Manchester show, spon- more combines a dry, white the original water-powered cot- which is received less gratesored by the Manchester Even- timbre with a rapid vibrato to ton mills, dating from 1784 fully than the generosity of ing News and supported by produce a very French-sound- when many of the machines Walkers Shortbread in donating work amazingly well in context, local commerce. In the circum- ing bleat. One almost expects were worked by apprentice 2,000 oatcakes deserves. apt to character and situation. stances it seems over-cautious "Ma belle Marguerite." It would children. A National Trust No punches are pulled: to fall back on the 1979 West be preferable to that over-con- property, the Mill still func- tions were horrific. To para-End production from the Came, ventional Broadway fodder, tions as a show-case, and the "On the street where you live." Georgian Apprentice House, know how this history lesson "Wouldn't it be hoverly?" This Adrian Vaux's designs provide (The title remains one of the home to 100 children until affects the children, but by God neat sets and fine costumes. show's two jarring American- 1847, is currently being it frightens me. Morning and Peter Walker (director) and isms; the other is Eliza's exhor- restored.

Mr Quilley provides a case in warmer and fuller than Julie They were the lucky ones, as addressing the Arts Council point. A beefy model for mid- Andrews' cool purity. The tone the Lunchbox Theatre Company next stop, Macclesfield in Febdle-age knitwear, without edge may well coarsen, but interest- makes plain with its children's ruary with another well-rethat D'Oyly Carterie was afoot. or abrasiveness or even achol- ingly, just right for torch songs. play, Escape to Styal. Profes- searched glimpse of our indus-Performance style has not so arly absorption, he goes Despite an unconvincing cock- signal players Christine Burn trial past; the silk trade.

Is it really 32 years since the much crystallised as fossilised. through the motions amiably, ney accent (this too is tradi- (who devised the piece) and Alan Pattison unfold dramatised documentary sketches directed by Ben Benison, whose was something ominous in the ply lack the bounteous creative proffering his pupil a handker- night." My Fair Lady by now pantomime production at the exuberance to shine through. chief "to waip her ays." Lower needs all the star quality - in Shaw this season has been praised on these pages by Michael Coveney. Audiences of schoolchildren are clapped into cloth caps, breeches, petticoats and aprons (many made by the female inmates of HM Prison, brave (music) critic observed out of a rut if he is to be example of vitality, his face Manchester and a stroll down a Styal); called upon to work the regarded with anything but like a slab of boiled silverside, country lane between fields spinning mule, trudging up and

> No punches are pulled; condiphrase the Iron Duke, I don' lunchtime performances con-For their 12-hour day, the time this week, with Saturchildren received keep and - a day's open to the public. Lunch-Liz Robertson's voice is rarity - education on Sundays. box is breaking even without

Nash Ensemble/Wigmore Hall

Max Loppert

The Nash drew a full house for no-nonsense approach to mat-Saturday's concert, latest ters of timbre, I do not think it vulgar and totally cunning in instalment in the "Paris is too fanciful to perceive a link sound combination. 1867-1987" series. The formula between the two - and a. is indeed a winner, as the pro- national one at that. gramme demonstrated; chamber

craftsmanly expertise of two contrast that Dutilleux has French minor masters such as found in it is, in its unassuming Saint-Saens and Dutilleux. A way, astonishing. Christopher ent approach to musical idiom music is less assertive, less drabountiful quantity of the 19th missioner's, but not less musicentury composer's chamber cianly. works provides an extreme contrast to the sparseness of the

Dutilleux's Three Strophes on music by Saint-Saens, Franck the Name of Paul Sacher, writ-(the Piano Quintet), and Dutil- ten over the last decade for leux, songs by Chausson and Rostropovich, is a solo cello tribute to the Swiss conductor Nothing is "proved" by such a and musical Maecenas. All the series, or such a compilation, material comes from the musi- of favourite Chausson and but it is certainly enjoyable to cal alphabet form of Sacher's Duparc songs, the singer was be given juxtaposed evidence of surname, and the variety of Felicity Lott, the pianist lan

20th century's. But in the ele-tet, and piano, Op 61, a delight-heedless of its many moments gance of formal cut, the ful and wholly characteristic of difficulty.

whole enterprise - half due behind.

straight-faced, half-knowingly

It was played with evident enjoyment by the Nash forces, including Paul Archibald's excellent trumpet. Not all the ensemble's rediscoveries have been so lively.

In the centrally placed group the extreme fastidiousness and substance, detail, and sonority Brown. This was an occasion for admiring with openmouthed wonder the soprano's endless supplies of breath, her century and an entirely differ- van Kampen's way with the ease in floating awkward high phrases, her light and delicate and style separate them. The matic in contrasts than its com- way with the French language, and, not least, her pure, melting tone. I cannot recall a live per-The Saint-Saens work was the formance of Duparc's great Septet for trumpet, string quin- "L'Iniviation au voyage" more

> combination of academic All that was missing was that know-how (as in the finale's indefinable quality, personalfugal stretta) and entertainer's ity. Miss Lott is too distinknack. The wonderful unison guished an artist to be called tune for trumpet and strings in bland, but her performances the middle of the minuet move- tend to leave a surpisingly ment seemed to sum up the small amount of memory resi-

Arts Guide

Opera and Ballet PARIS

Paris Opera. Orphée sux Enfers is conducted by Lother Zegrosek with Michel Senechal, tenor, dominating Jean-Louis Martinoty's production of Offenbach's joyous parody of Gluck. (47425750). Carte Bianche (Opera Comique). A ballet performance leaving a free hand and a star role to the opera's painters and sculptors. 742960611). Jean-Claude Gallotta (Théâtre de is Ville) with the group Emile Dubois Dance Cocteur Lumbus with Mexican undertones.

Maguy Marin (Maison de la Cul-

ture). With the Lyons Opera Ballet an interpretation of Kurt Weill's

and Bertold Brecht's The Seven Deadly Sins. Cretell: (42744422). Georges Appaix (Théstre de la Bustille). Appair choreographs his Creation-around musicians, dancers and old cinema seats.

Metropolitan Opera (Opera House). Nello Senti conducts Luisa Miller in Nathaniel Merrill's production with Silvia Mosca, Wolfgang Brendel and Paul Plishks. James Levine conducts Fabrizio Melano's production of Pelleas et Melisande with Frederica von Stade, Authory Bolfe Johnson and John Macurdy. Sir-Peter Hall's produc-tion of Macbeth conducted by Gin-seppe Sinopoli features Eva Mar-ture since taking on the Royal

Center (254 3670).

HMS Pinsfore (Opera House). Brian

Medonald's production stars Ron

ton, Renato Bruson and Samuel Ramey. Lincoln Center. (362 WASHINGTON Washington Opera (Eisenhower). The Consul Gian Carlo Menotri's 1950 Pulitzer-prize winning opera protesting against police states is directed by the composer in reper-tory with Ruddigore. Kennedy

Center, Ends Feb 6. (254 3770). LONDON

Moody and Meg Bussest. Kennedy

Opera musical directorship is a production of Parsifal. The staging is by Bill Bryden in the designs of Hayden Griffin; the young German tenor Peter Seiffert (London debut) takes the title role, and the cast also includes Robert Lloyd, Waltrand Meier, Simon Estes, and Willard White. (240 1066).

English National Opera (Coli-

seum). The triumphant new production by David Pountney of Hansel and Gretel is a magical combination of of operatic rethinking and real theatrical fantasy. Mark Elder conducts, superbly. Cathryn Pope and Ethna Robinson take the title roles, and Pelicity Palmer doubles as Mother and witch (on January 27 Pauline Tinsley, far too long absent from

London opera, returns to the ENO in these roles). Also in repertory: Der Rosenkavalier, attractively conducted by Christian Badea, with Valerie Masterson a light but marvellously elegant Marschallin; and the latest revival of Graham Vick's deeply unsatisfactory Madam Butterfly production, with Janice Cairns and Edmund Bar-ham as Cio-Cio-San and Pinkerton. (836 3161).

WEST GERMANY Berlin, Deutsche Oper. Die Hugenot-

ten has fine interpretations by Angels Denning, Pilar Lorengar and Viktor von Halem. La Gioconds, sung in Italian, features Maria Slatinaru, Kaja Borris and Bengt Rundgren. Don Carlos has Sharon Sweet, Ute Walther, Martti Talvela and Andreas Schmidt. (34 Hamburg, Staatsoper, Arisdne auf

Naxos has Hildegard Hartwig, Heilen Kwon, Judith Beckmann and Diezer Weller. Manon Lescant stara Mara Zampieri. Die Entführ-ung aus dem Serail will be conducted by Klaupeter Seibel. Don Pasquale has a strong cast with Hellen Kwon, Paolo Montarsolo and Urban Malmberg. Cav and Pag in Gian Carlo del Monaco's production will have its premiere this week. The cast is led by Julia Varady, Hildegard Hartwig, Natalia Troitskaya, Wladimir Atlantow and Piero Cappuccilli. (35 11 51).

Cologue, Opers. Wozzeck is steered to triumph by Brent Ellis in the title role, beside Nadine Secunde and Walter Raffeiner. (20 761). Frankfurt, Opera. Louis Quilico repeats his much-praised performance in the title role in Faisteff. This week's highlight is Der Fliegende Hollander with Simon Estes, Kurt Moll and Luana De Vol. La Boheme, conducted by Michael Boder has Marianne Christos, Jonathan Welch and Barry Mora in

the main parts. William Forsythe' ballet Impressing the Zar rounds off the week. (25 621).

January 22-28

Genova, Teatro Margherita. The Genoa Opera opens its season with Massenet's Manon, sung in French, conducted by Daniel Oren and directed by Alberto Fassini, with scenery and costumes by Pasquale Grossl. Piamma izzo d'Amico sings the title role, with Kurt Rydl (Conte des Grieux), Pietro Ballo (Chevalier des Grieux), and John Patrick Raftery as Lescant (58 93 29). Trieste, Teatro Comunale Giuseppe

Verdi. Gounod's Faust, sung in the original French, conducted by Spiros Argiris and directed by Franco Cavana, with Maria Spacagna, Pracci dancing the title role in the fine art markets. Prokofiev's Cinderelia, (choreography by Loris Gal), directed by Beppe Menegatti and conducted by Luciano Rosada. (58 43 34).

NETHERLANDS Amsterdam, Muziektheater. The

Nine Wiener Dance Company with Enclosed Times (Mon). Nederlands Danstheater with a new ballet by Nacho Duato, The Unsung by Jose Limon, and Nomads (Kylian/Stra-vinsky) (Tue, Thur), The Nether-lands Opera production of Don Giovanni directed by Alfred Kirchner, Nikolaus Harnoncourt contitle role, with Patricia Schuman, Edith Wiens and Hans Peter Blochwitz (Wed). (25 54 55). Nijmegen, Schonwburg. Opera Forum with two Puccini one-acters: Suor Angelica and Glanni Schiechi (Wed). (22 11 00).

Saleroom/Antony Thorncroft Slow start to New Year

slowly picking up their gavels Henry Mole, the mid 19th cenagain after their extended New tury artist. It is work of this Year break. At Sotheby's yes- period which currently seems terday morning English drawings and watercolours totalled £80,091, with 14 per cent bought in percentage might Important English Furniture. have been half that figure: such Once again the market is Richard Burke and Francesco is the extent of the impact of slightly weaker than before the Ellero d'Artegna. (63 19 48).

Palermo, Teatro Massimo. Carla and the fear of a recession on \$2,047,430 (£1,133,682) and 22.

The Heim Gallery paid the top price of \$8,580 for a very pretty pair of late Victorian watercolours by Arthur Claude Strachan entitled Feeding the chicken" and "Talking to the ducks." The price was comfortably above forecast. An equally picturesque late Victorian watercolour by Benjamin Sigmund showing a young girl at the gate to an idyllic cottage was within target at £7,700.

The same sum secured The £15,278.

The top London salerooms are return of the flock" by John modestly priced.

In New York over the week unsold. Six months ago the end Sotheby's disposed of per cent unsold. A George Graham wainut longcase clock,of around 1720, did exceptionally well at \$43,853. Even better was the price of £42,635 for a George III mahogany needlepoint upholstered settee, which was expected to go for around £6,000. A set of twelve George III black painted and parcel gilt caned armchairs of around 1800 was slightly above forecast at £34,717.

Christie's was also busy in Albert Goodwin is a good New York over the weekend. Its ducting the Concertgebouw name among watercolourists print sale totalled £405,072 Orchestra, with Glenn Wilson, and his view of the Cambridge with 5 per cent unsold. One of continuo. William Schunell in the Backs in 1918 was bought by only six impressions of Winsname among watercolourists print sale totalled £405,072 the London dealer Chris Beetles low Homer's lithograph "Yachtfor \$6,820. Like many other ing girl" sold for \$29,333. dealers he is stocking up after Another nautical scene, "The last weeks successful World of cat boat," by Edward Hopper Watercolours Fair in London. went way above target at

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FINANCIAL TIMES

ASICs' share of the World semiconductor market

44.3

\$ billion

Revenue (\$m) Change

590 (470) 25.5%

509 (337) 51.0%

271 (136) 99.3%

260 (194) 34.0%

244 (188) 29.8%

243 (170) 42.9%

240 (91) 163.7%

137 (112) 22,3%

132 (131) 0.8%

130 (103) 26.2%

129 (88)

46.5%

36.7

1987 (86)

FINANCIALTIMES

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Tuesday January 26 1988

A shrinking union

national interest but it is not to talk on the issue, would a matter of national crisis. have been. But it cannot bring union leader - especially in pressures will not allow it do the NUM - would have had so, and these pressures will major political and economic get stronger. A likely consesignificance. Now, after the resounding defeat of the min-sation will be an increase in ers in the 1984-85 strike. Mr coal imports. Scargill's victory is little more than an expected election result in a small, dwindling and not particularly powerful trade union.

Mr Scargill himself sees the election result as an endorsement of his militant, socialist policies. It was certainly a personal endorsement. Reports from the coalfields during the election campaign were characterised by miners at once pledging their loyalty to Mr Scargill and making plain that they had little if any intention of putting their decisions to practical effect

through industrial action. As a plebiscite on the policies he has pursued, Mr Scargill's majority is down considerably from when he first became president in 1981. Moreover, had the union not split asunder as a result of the strike and had the moderates in Nottinghamshire and elsewhere remained within the NUM. Mr Scargill would have lost.

Market pressures

To the absolutist Mr Scargill, such considerations are irrelevant. A victory is a victory, regardless of the scale: and even though his position can hardly have been strengthened by choosing to go for re-election and then being returned to office by only a narrow margin, the key point is that he has been returned. Nothing in the closeness of the vote will mean any modification of Mr

Scargill's own views. What does that mean for the agencies which have to deal with Mr Scargill and the NUM? For British Coal, the most important of them, not

MR ARTHUR Scargill's re- for reducing its costs by such election as president of the means as flexible working National Union of Minework- patterns than his opponent, ers may be a matter of who made clear his readiness Ten years ago a fresh man- such moves by British Coal to date for an avowedly militant a halt. Financial and market

New realism

The Government's position is similar. Some Conservative right-wingers openly identified the Tory need for Mr Scargill as a Labour bogeyman: he will continue to have that role for them, and perhaps his re-election will accelerate active consideration of the further privatisation of the coal industry. Though he was careful never to say so. for Mr Neil Kinnock in the Labour Party Mr Scargill's re-election will hardly be welcome. As Labour begins its two-year "listening" campaign, among things it will hear and find most discomforting will be Mr Scargill shouting at it with renewed vigour to stick properly to its experiencing faster sales socialist last.

Mr Scargill claims his reelection is a body blow to new realism in the unions - a willingness to respond pragmatically to changing circumstances. That is doubtful: change in the unions has been driven by change in the labour market, and there is nothing in Mr Scargill's reelection which has the power to put a crimp in that.

The NUM itself is likely to be most affected by the result. The disabling NUM-UDM breach cannot be healed with Mr Scargill in the NUM president's chair: that is a tenet of faith for both sides. Mr Scargill's record shows he has no practical formula to HISTORICALLY, the European stop pit closures by resolving semiconductor industry has been the coal industry's economic strong in full-custom ASICs, problems; and as pits con- hand-crafted for the specific tinue to close - British Coal warned yesterday that fur- | Yet the really vigorous growth in ther industrial confrontation | the applications-specific sector very much. Mr Scargill in the of the kind proposed by Mr these days is in semi-custom presidency of the NUM will Scargill could place another products. It is here that the be more of an impediment to 20 pits in jeopardy - the the corporation's prospects NUM will continue to shrink.

A Soviet role in Romania

ROMANIA is in dire trouble. his determination to become Whether the Romanian people can be left to pull their country out of the abyss into which it appears to be sliding, or whether the Soviet Union can afford to be seen assuming responsibility, presents a dilemma for Mr Mikhail Gorb- and several other cities. Yet achev.

sescu celebrates his 70th try's outstanding \$6bn forbirthday and looks on the eign debt by the end of the results of his more than two decade. decades of stewardship, he has little to celebrate. His shivering, malnourished countrymen, queueing up for frozen chickens' feet and heads and huddled in their dimly-lit even less cause for reloicing.

and Westerners alike heartily applauded Mr Ceausescu's courage and independence. He leaders was prepared to stand up to Moscow and unequivocally condemn the 1968 invasion of Czechoslovakia.

dence, unchecked by any trashown their dark side - tyranny and lawlessness. With his ruthless security police and his arbitrary purges and reshuffles, the president has But Moscow cannot send in isolated himself from moderating influences, creating a lovakia 20 years ago, if Mr political vacuum around him- Gorbachev is to retain crediunpopular family in high places.

Bridge building

Now the process of isolation is gathering pace internationally. Relations with other Eastern bloc countries are growing ever more sour. In recent months Romania has quarrelled with Hungary, Czechoslovakia, Bulgaria and non-aligned Yugoslavia. The Poles complain that the Romanians are "impossible to negotiate with" and Soviet negotiators no longer bother to hide their exasperation with Romanian tactics in the Vienna arms talks. Relations with the West, such as they

are, are also deteriorating. ing isolation only increases

independent of foreign creditors, regardless of the strain this puts on his people. That they are close to breaking point is evident from the recent riots and demonstrations in Brasov, Timosoara Mr Ceausescu remains deter-Today, as Mr Nicolae Ceau- mined to pay off the coun-

Ideal solution

But if the evident political instability and sheer misery of life in Romania are an and unheated homes, have indictment of Mr Ceausescu personally, they also reflect Time was when Romanians badly on the Soviet Union as leader and political guarantor of the Eastern bloc.

An ideal solution would see alone of all the Warsaw Pact the Romanian people themselves win their freedom by rallying behind an alternative leadership and rebuilding their crumbling political But that was long ago. Since structures. But this seems a then the courage and indepen- remote possibility so long as Mr Ceausescu himself remains dition of accountability, have in place. And despite the reports of his ill health and internal unrest, he could be in power for several years yet.

The Romanians need help. the tanks as it did in Czechosbility. Nor does Mr Ceausescu look any readier to respond to pressure from Moscow now

than he has in the past. An alternative course, one which follows logically from Mr Gorbachev's pronouncements on greater democratisation and flexibility within the socialist system, would be for Moscow - in collaboration with other Eastern bloc governments - to support and encourage whichever faction looks likely to command most support from the Romanian people in filling the vacuum that has developed around

Howe and I've loved it. I'm the Ceausescu dynasty. going to miss it," he says. That no such faction or acceptable successor has yet emerged clearly should be no the many charities he supports, bar to some behind-the-scenes but also by the ANC whose diplomacy. Such Soviet sub-Mr Ceausescu has made it lety was, after all, displayed clear that his country's grow- in the recent changes in Czechoslovakia.

The world micro-electronics industry is being revolutionised by a surge of cheap, specialised chips. Terry Dodsworth and Louise Kehoe report.

Leaping ahead on a surface of silicon

Machines redesigned its per- less expensive to design than sonal computer a year or so a typical hand-crafted chip. ago, it gave a compelling dem- One of their many virtues is onstration of the awesome that they allow manufacturleaps in technology which are ers to integrate far more funcstill happening in the micro- tions on a single piece of silimodestly-priced model in the new PS/2 range is roughly They therefore allow more eight times as powerful as the power to be packed into the first machine launched just six years before. Yet to achieve this radical improve- equipment miniaturisation. ment in performance, it now employs less than half as many integrated circuits, the tiny semiconductors which lie at the heart of the personal computer revolution.

One of the main reasons for this dramatic cut in the semiconductor count is the use of a relatively new type of chip. These devices, called Application Specific Integrated Circuits (ASICs), are now spreading like wildfire through all types of electronic equipment, and are probably growth than any other kind of semiconductor product. ASICs are made using both

"custom" and "semi-custom" techniques to tailor the product to the precise needs of the client - hence Application Specific. Until quite recently, most ASICs were custom-made - designed entirely by hand. The explosion in the industry of the last few years has come from the development of new semi-custom design methods. These techniques allow manufacturers to combine standard parts with a few special circuits specific to the end user. Semi-custom ASICs thus

needs of a particular customer.

American and Japanese compa-

nies can use their strengths -

financial muscle, a broad product

base and mastery of low-cost pro-

established throughout Europe. Motorola, National Semiconduc-

tor and Texas Instruments all

have substantial manufacturing

facilities in the region, while LSI

Logic will shortly open plants in

both the UK and West Germany.

The big Japanese manufacturers

South Africa's reformist busi-

keep his head low and concen-

trate on making money out of

snapping up disinvesting for-

One of the few businessmen

who continued to risk the Presi-

dent's famous rage, however,

was Tony Bloom, chairman of

the Premier Food Group. He

canvassed for PFP stalwart

Helen Suzman and launched a

blistering attack on the Govern-

ment's 'thuggery and authori-

his decision, for mainly per-

sonal reasons, to leave South

Africa and go to England. It

was not an easy decision, he

said, giving up friends, roots

and "all this" as he waved his

arm around the elegant pan-

elled office with its modernist

paintings and huge picture win-

dows looking out over the Wit-

Ironically what he suspects

he will miss most is the pas-

sionate involvement in the gold

fish bowl of South African poli-

tics. As an eloquent voice of

liberal capitalism, Bloom had

the ear of major players. "I was

in the position to meet most of

them. The average flour miller

in Manchester or Birmingham

doesn't get the chance to meet

people like Kissinger, Brzezin-

ski, Macnamara and Geoffrey

watersrand.

Yesterday Bloom announced

eign companies.

US producers are already well

duction processes.

Best of the

white men

WHEN International Business custom-built product, but are global basis. Dataquest calcuelectronics industry. The most con - the chips on which the partly a result of developintegrated circuits are etched.

> "If there were no ASICs you would need to be a shot-putter to carry a video camera around." says Mr Jim Beveridge, from the Dataquest market research group.

Until very recently, ASICs

were a highly specialised niche market. Over the last two or three years, however, the lack of interest among the large semiconductor producers has turned to runaway enthusiasm. The market has begun to grow at a rate of well over 20 per cent a year. significantly faster than for has taken off from users who integrated circuits as a whole, see multiple advantages in and it has already reached about 16 per cent of total world integrated circuit sales . Lower cost. Although ASIC . Security. New ideas are so of \$37bn. Scores of small design companies have sprung up like mushrooms; and virtually every big manufacturer in the world has jumped onto the ASIC bandwagon, turning it into the latest battlefield for the American and Japa-

Mr Pietro Palella, business manager of the ASIC division of SGS-Thomson, the newlyformed Italian/French group, says there are now about 120 ASIC companies in the world. have elements of a special already established on a together, the chip works fas-

nese giants.

lates that in Europe alone there are 216 design offices where customers can lay out the circuits of a new chip on a

"With the new software, any engineer with a personal computer on his desk has the potential to design a fairly complex chip," says Mr Peter Savage, head of the Semstat market research group.

As these improvements have emerged on the manufacturing supply side, demand employing ASICs. Among these are:

semiconductors are not always cheaper - customers are often charged for the design, for example - in many cases there is a saving in purchasing just one chip rather than a number of devices that have to be strung together on a circuit board. Reliability. The interconnec-

computer screen.

This change in attitudes is ments in semiconductor manufacturing technology. Rapid improvements in the ability to push more information onto a same amount of space, as in chip mean that semiconductor the PC/2, or for further producers can increase the number of functions on a single piece of silicon. At the same time, the software for designing the elaborate network of circuits on the chips have leapt shead.

tions are all contained on one chip, so the device is intrinsically more reliable than several different components. Speed of operation. Because with the larger producers the circuits are closer

1986 complexity - with the aim of established on a-world scale. • Time to market. With soft-

phase and onto the market more quickly than a conven-Indeed, the American industional custom solution. try has characteristically proquickly imitated in the microelectronics industry that equipment manufacturers have begun to use the customised circuitry of ASICs as a means of slowing down copying of their ideas. As competition grows in the

Worldwide ASIC market share ranking

(Japan)

(Japan)

12 (14) SGS Thomson (Italy/France)116 (64) 81.2%

31.0

Сопралу

NEC

Toshiba

Matsushita

LSI Logic

Oki

Fujitsu

Hitachi

Sharp

Gould AMI

Selko Epson

11 (11) VLSI Technology

Flank

1987 (88)

1 (1)

2 (2)

5 (4)

6 (5)

7 (10)

9 - (7)

total

24.8

ter and uses less energy.

ware and semi-custom pro-

cesses taking much of the

graft out of the design work,

ASIC chips can be pushed

through the development

(6)

(3)

industry, the character of the market is also changing. In typical fashion, the Japanese have pushed rapidly into the commodity end of the market - product areas in which customers are demanding relatively high volumes

and relatively low levels of

keeping their large semicon- with cash to invest in design, ductor fabrication plants as new products and manufacfully loaded as possible. By turing processes, could make contrast, the American strategy has been to move towards emphasis on more sophisticated products.

1987

duced a number of pioneers in ASIC technology, including LSI Logic, the world's largest company purely devoted to producing these kind of chips. It is US companies like LSI that are also leading the drive into hybrid technologies aimed at exotic combinations of functions on a single chip: for example, engineers believe it is only a matter of time before very powerful microprocessors are integrated into

ASIC products. The strength of these US

the industry increasingly uncomfortable for the niche players. One of the reasons for the rash of mergers among semiconductor manufacturers in the last year or so is the vulnerability of the smaller groups, a point underscored

Only five years ago, Ferranti was widely regarded as the world's leading ASIC manufacturer. But it was caught out in a technology shift and failed to develop internationally. Today, Fujitsu of Japan dominates the market sector which Ferranti originally created - and, coincidentally, Fujitsu has in the process become the world's largest ASIC supplier.

by the takeover of Ferranti

by Plessey in the UK.

and Japanese groups, already

Small boats dodging multinational tankers

arrived later but are inexorably building up their presence. Virtually all of them offer ASIC services - indeed Fujitsu, because of its strong links with ICL in the UK, is one of the largest semicustom suppliers in the region.

Faced with this challenge, Europe's larger ASICs companies are marshalling their forces through mergers and new investment programmes. In the UK, for example, Plessey's recent acquisition of the Ferranti semiconductor activities was designed to give the new company greater financial scale and a more comprehensive technology base. Similarly, the merger of SGS and

Thomson earlier this year was partly aimed at bringing more resources to bear globally.

At the same time, these companies are ploughing money into physical resources. Plessey has opened a new plant; SGS has redesigned most of its products in the past year; Philips and Siemens have sunk large sums into projects designed to bring their production methods back up to the world-class standards established by the Japanese. There is also a new generation

of specialised European design companies, most of which contract their chip manufacturing out to outside suppliers. In gen-

eral, these operations aim to give their clients high-quality service of the type normally associated with hand-crafted production methods, but with a faster introduction time.

These smaller operations still bear considerable costs. Advanced Silicon Corporation of Nijmegen in Holland, for example, raised around \$18m (£9.8m)in start-up funds, and runs two mainframe computers. Yet it only employs 52 people. Another of these companies,

the pan-European ES2 organisation, has decided to set up its own manufacturing lines at a capital cost of about \$25m. To

keep up with the sophisticated design methods needed to tap the market: it employs around 70 software engineers - ploughing in expenditure before the company has begun to generate significant sales from its new plant. These type of start-ups clearly carry significant risks, and many of the bigger companies are sceptical about their chances of survival. But they exist because of the belief that there are opportunities which large companies are not flexible enough to exploit. "There is hardly any competition in our part of the market because the multinationals are set up for large volume production," says Mr Peter Langendam, president

of Advanced Silicon. "We are like

a small boat dodging in and out

OBSERVER

nessmen had the stuffing need to convert the ANC to the knocked out of them prior to virtues of free enterprise and last year's whites only elections ween it away from its utopian when President P W Botha sinsocialism, Bloom has soughtto gled out Chris Ball, chief execupractice what he preaches by tive of First National Bank opening up promotion on merit for the group's 30,000 employthe pre-disinvestment Barclays
Bank – for a full frontal attack. ees. This hasn't prevented some He was accused of helping to tough confrontations with the fund an advertisement calling black unions or insistence on for the release of Nelson Manthe need to keep rising profits dela, the jailed ANC leader. The for shareholders. He may have attack kept Ball out of political a big heart, but he's not a soft play and persuaded many an erstwhile business critic to

All in the stars

Cold Moore got it right. Its team of astrologers compile the annual pot-pourri of predictions and prognosis some 18 months before publication. Hence its spot-on forecast of a Royal baby in August was made about two years ago - well before even the tabloids began serious speculation.

If such form continues, however, investors should beware. The Old Moore of 1988 is a miserable bear and predicts steep falls in share prices the month after the Royal birth.

Morgan's new man MOne of the City's rising stars

may have emerged from yesterday's management shake-up at Morgan Grenfell. Michael Dobson, who gets the newly created job of deputy chief executive at the age of 35 must be someone

A languages graduate from Cambridge, Dobson joined Morgan 15 years ago and worked his way up the ranks through sound managerial ability rather than the kind of pyrotechnic displays of brilliance by which some merchant bankers measure success. A couple of stints in New York overseeing Morgan's most important overseas business helped.

He in turn is going to be Sir Peter Carey, Morgan's missed not only by the PFP, and chairman, says Dobson has "the qualities of an all-rounder. He is a first class manager who can exiled leadership he met in adopt the group viewpoint." Lusaka during the height of the Does this mean that Dobson is being lined up for the top job violent unrest over two years ago. A strong believer in the



"Tell me it couldn't happen Elmer - tell me."

some day? "This singles him out as a candidate. But there are others," said Sir Peter. With his new job, Dobson will be running much of the day-to-day side of Morgan, free-ing John Craven, his chief executive, to concentrate more on strategy and wooing clients. Of tice, so strict were the ground Morgan's future, he says: "We're not going to be an enormons global institution. But equally we don't want to shrink down and be a niche player. I think the events of the last few months have shown the impor-

Walsh's base MJohn Walsh, the defeated candidate in the National Union of Mineworkers election, will always have a base for any future campaigns.

tance of strong relationships

between banks and their cli-

Adrian Wilkinson, owner of the Four Ferrets pub in Castleford, has done very well since Walsh adopted it as his headquarters. "The pound coins have been rolling around in his him through an ad in this eyes," said Karen Walsh, the week's New Statesman.

24-year-old daughter of John and Four Ferrets manager. For the past month the Four Ferrets has been at the hub of international media attention. There have been a few locals complaining that they can't get to the bar for journalists, but most of the regulars enjoyed the interest. You should have seen them competing to talk to a young French woman reporter who wanted to know what it was like down the pit," said Karen.

Grand design ■Stuart Luxon has been

appointed by Landor International, the American-based corporate identity specialists that gave British Airways its new image, to head up the day-to-day operations of the worldwide consultancy. Luxon, 43, who becomes chief operating officer and executive vice president, was previously head of the London-based European headquarters. Before he

was with British Airways for 17 years, ultimately its general manager of marketing. Landor, based in San Francisco, has set its sights on establishing the world's number one design consultancy.

Young thing

It was tantamount to a D-norules. I cannot reveal the city. the audience or the identity of the senior UK politician let alone what we ate. But it was "truly an occasion," according to the British official who introduced him, when the speaker needs no introduction. You will remember him well from his previous visit when he was Secretary of State for Unemployment."

Not a hope Is there an unattached

funny non-sexist man in the north-east? We should like to know: so would a woman of 40 who describes herself as "dented but undaunted" and is looking for THE LORD'S TAVERNERS PRESENT

of the tankers."

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From Mr Julian Roche Sir, Your leader on "The Taxation of Marriage" (Jamery 19) could perhaps have gone just a little further with the logic assume that the introduction of non-transferable allowances could be accompanied by the abolition of the married man's tax allowance. The money from this antiquated. and administratively complex system could also be used in support of cutting the basic. rate of tax.

Alternatively the money could be used to allow two. Mortgage Interest Reliefs At Source (MIRAS). for married people in the same way as unmarried couples receive it. The reduction in anti-fraud administration which this would permit, and the cutting of costs through not having to change mens tax codings, would be worthwhile savings in

The effect of introducing these four changes - non-transferable allowances, wholly separate taxation for husbands and wives, the abolition of the married man's tax allowance. and permitting two MRAS for married people - would be to give a healthy kick to the labour market in the direction I should have thought any government would want. Employers would be able to select the best person for the job without the lists of applicants being cir- grounds that it would interfere cumscribed by gender or marital status. Julian Roche.

67a Stopleton Road, SW17 Profit related pay could be tax free

From Mr Philip Burnford Sir, The Government's initiative in introducing tax benefit on profit-related pay schemes deserves to be welcomed. Three improvements would very significantly increase the momentum of the scheme.

First, make all profit-related pay tax free up to the limit in the legislation, instead of only Next, relax the profit defini-

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tion. For firms which are effectively communicating the importance of some other measure of performance (for example, value added), perhaps in relation to existing incentive arrangements, it could be confusing to introduce a PRP scheme with a strict profit definition.

Third, there is a need to relax the administrative burden on companies. The PRP office of the Inland Revenue should avoid being too restrictive in its interpretation of the legislation. Philip Burnford. Hay Management Consultants 52 Grospenor Gardens, SWI Profit-related pay

pattern is emerging From Mr John Orpen and Mr From Mr Peter J. Williams.

Colvin Jackson the number of profit-related Arts page (Jamuary 20) about pay schemes (FT, January 13) the televising of Parliament has continues to grow, a pattern - like many others - missed a has already emerged from which it is possible to identify the reasons why PRP has been are elected to represent the televising the Commons be left introduced by, or its introduction is being actively considered to take part in government, and by, some firms and not by oth-

the existing pay framework. however, has little means of North Primoeraide, There are, in essence, three knowing whether their member HU177DJ ways in which PRP can be introduced. The first is by way of base pay sacrifice. The difficulties involved in introducing such schemes are obvious: few in a given workforce will be disposed to invest part of their existing pay.

The second method is to introduce PRP as a new bonus scheme, either instead of or in addition to a forthcoming pay rise. This has proved more pop-ular, and is likely to be the "middle ground" on which the battle for PRP will be won or

The third method is by farthe most popular: PRP is substituted either wholly or partially for existing bonus schemes (particularly those already using profit as the performance From Mr D.W. Moss. criteria). By this method a firm Sir, A limited mark shows that I am no ing for its employees at a mod-est cost to itself. The aggregate tax savings can be very substantial, particularly in the case of organisations with a considreceipt of bonus payments.

A relaxation of the PRP legis-

iation would be most welcome, and so would be an increase in From Mr A.D.C. Turner. the limits available for tax Sir, Your recent Health Care relief. However, our experience series asserted that "...only 34 as advisors makes us believe per cent of the UK adult poputhat even in its present form lation now smokes, compared PRP can be a valuable part of a with a majority a few years firm's remuneration policy. John Orpen,

Letters to the Editor

The taxation of marriage

Sir, I was appalled to read your editorial (January 19) about the possible introduction of two single tax allowances to replace the present married couple allowances which produce - where both spouses work - the equivalent of two and a half single allowances. Having stated that the Chan-cellor's favoured 1986 option of full transferability would have the great advantage of pulling some one earner families of limited means out of taxation altogether, and also of greatly easing the burden where women are forced to give up work to have their children, you then proceed to condemn transfer-

ability - even Mr Lawson's likely compromise of partial be solved by the social security transferability - on the dubious system, preferably meanstested, where both parties give with the principles of privacy and independence because the up their privacy and independence by disclosing their husband's tax office would require to know full details of

No cameras in the Commons

From Mr Charles Miller. Sir, Christopher Dunkley's article (January 20) clearly and impressively set out the media's case for bringing cameras into the Commons. It is

the other elements of the policy process. Such skewed emphasis tably suffer if the pressures mation of the importance of an institution whose effective power has passed to other parts of the system, and is only rarely glimpsed in a tiny minor-ity of high-profile but unrepre-

But it provides no besis for further distorting the electorate's perception of Parliament in its pre-Bagehot, all-powerful, clothing. Televising the Chamber, which only a handful of commentators would suggest is still at the heart of the work of

Sir. The perceptive article by Sir, We would suggest that as . Christopher Dunkley on the

vital point. Members of the Lower House people of their constituencies, to contribute to the resolution of the executive. The popula- 26 New Walk, In our view, the reason lies in tion of their constituencies, Beverley,

ples at a time when they can their income decrease (in the wife's case, cease) on retirement, but so would their tax

You fail to draw attention to the fact that most lower income women work because they have to, and most are in non-pensionable employment. Your proposal of non-transferable allowances would therefore hit the most vulnerable working couleast afford it. Not only would allowances in comparison to the present married man's allow-

case at present); and that wives

not to leave home.

You then propose that the problems produced by nontransferable allowances should

the House, may provide a few good pictures. But the cousequences will be undesirable, both for the Commons and those who elect it. As we have seen with the

none the less an irony of our Lords, television has substansystem of government that the tially increased the numbers of clamour - predominantly peers sitting in the chamber voiced by the media- to tele- when the cameras are rolling. vise the House should be more MPs need to be even more visianachronistic than progressive ble. Television in the Commons will improve their chances of Government's denial of access being seen and of making popuby the media to the core of pol- list speeches, but will take icy formation in Whitehall has them away from the real work traditionally led the press and they do in helping their constittelevision to focus on Parlis- uents - work mainly carried ment to the virtual exclusion of out in their offices, Constituency correspondence will inevihas the - perhaps desirable - and lures - of television force result of buoying up public esti- MPs to spend more time in the

The electorate should not be denied the right to see how Government actually works. Giving them a 19th century fiction instead is no substitute. Television and the Executive could conspire to inform, rather than mislead the public.

Charles Miller, Public Policy Consultants, Vestry House, Greyfriars Passage, Newgate Street. ECI

plays an active part in debate. or even attends the House. Those who live outside Lon- Industrial Incentive Consul don have little opportunity of tants, visiting the House to gain even Pen-y-Bont House, the slightest insight into their Treforest Industrial Estate, member's performance. Why Pontypride, Wales then should the decision over to the members?

Peter J. Williams.



Singled out for an opportunity

the number of odd socks pla- chain of single sock shops? guing my wardrobe.

Do any of your readers have Beschwood, an explanation for this phenom- Box Lane, erable number of employees in enon? Could it be that modern Bovingdon, Hertfordshire

Statistics sent up in smoke

This is misleading. Taking Calvin Jackson, cigarettes, roll-your-own tobac- Tobacco Advisor 128 Queen Victoria Street, EC4 cos, and pipe tobaccos together, Stag Place, SW1

From Mr D.W. Moss. washing machines devour fly here.
Sir, A limited market survey socks? shows that I am not alone in Is there an opportunity here noticing a dramatic upturn in for an entrepreneur to launch a only the name of a passenger D.W. Moss,

NEWWER

the number of adults in the UK who can be classified as smokers is close to 40 per cent. Your figure of 34 per cent applies to consumers of factory manufactured cigarettes only. A.D.C. Turner,

Tobacco Advisory Council,

While I favour two single allowances so long as they are fully transferable. I prefer to keep the present system if the above is the best you can propose. As for non-transferable allowances producing resources to help the disadvantaged - so would keeping the upper tax bands where they are at pres-

John G. Ford, The Old Bakery. Church Road. Yapton, Arundel, West Sussex West Sussex the wife's earnings (as is the

From Mr Michael Breswood. would have a strong incentive Sir, Your editorial on the taxation of marriage (January 19) arrives at some muddled conclusions. If the Chancellor is serious about reforming taxation of married people he should do one of two things: either extend the logic of the current tax law by treating allowances in the same manner as he treats income - that is, as an aggregate; or he should abolish all personal taxes and tax allowances and base his tax revenue upon an expenditure

Opting for the second of these choices would mean equal treatment for everyone, regardless of their married status, and would free sufficient resources to ensure that those who really need help can be given it. Michael Breewood, 1 York Road, Hitchen, Hertfordskire

The UK would be poorer without them

From Mr D.A. Rees. Sir, The arguments in your editorial about government support for inward investment projects (January 15) are bases on a fundamental misconception. This is: that because grant must be shown to be needed before it is awarded, such projects are marginal.

Are you then suggesting, for instance, that those Japanese companies which have set up here are not viable? This is clearly not so. The true answer is that in most inward investment cases the companies involved are highly successful with international markets which have a wide choice of where to locate their manufacturing facilities. Without grant aid they would not choose the UK as a base, and would continue to supply their markets here from outside. We would then be denied the direct benelits such companies bring to both the regional and national economy through job creation. import substitution, and exports.

The UK would be much the poorer without them. In Wales, for example, more are now employed by American-owned companies than in the whole of the coal and steel industries. D.A. Rees,

Glasses raised

in tribute

From Mr Richard M. Evans. Sir, On the subject of poor customer service, I should like to quote a recent example of exceptional service provided by British Airways.

Flying from London to Singapore with BA (flight 011, November 21) I evidently dropped my spectacles, in their case, under the seat, leaving them there when I disembarked. As there was no identification in the case I did not

bother to report the loss.

I was amazed, 36 hours later,
to receive a telephone call in Jakarta from the travel agent from whom I had purchased my ticket, informing me that my spectacles were in Adelaide and being sent to me by the first available flight. They duly arrived in Jakarta two days later, - and BA itself does not

It is encouraging that an air-line's records can identify not occupying a particular seat, but also the name/address of the ticketing agent; but what is most gratifying is that someone took the trouble to consult the records and then took all the necessary steps to return my

A final thought: those who habitually move to a seat other than that allocated on their boarding pass would not be so lucky

Richard Evans, Jolan Gedung Hiyan III/18, Pondok Indak, Jakarta, Indonesia.

CAN YOU imagine the British Government inviting more than 100 intellectuals from all over Europe to spend two days in London discussing "the European cultural identity", as guests of the foreign secretary, just three months before a general election? Can

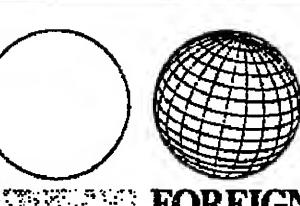
you imagine it preparing for this event by sending out 13 British writers, ranging from, say, William Golding to Marina Warner, to conduct preliminary soundings in all the other countries of the European Community and, within weeks of their return seeing the resulting essays in a book produced by a leading British publisher, under the title Letters from Europe?

You cannot. Neither can L But the equivalent is what the French Government has just done. The idea was announced by Mr Jean Bernard Raimond, minister of foreign affairs, in a speech last October. Earlier this month there we all were in Paris, supplied with copies of the book and sitting down with Mr Raimond to a sumptuous dinner at the Quai d'Or-

It seems ill-mannered, after accepting such generous hospitality, to ask what it was all in aid of, and perhaps the question would be more fittingly asked by the French taxpayers whose money was being spent. But journalists sometimes have to ask questions that would be ill-mannered in private life and professional integrity obliges them to look gift horses in the

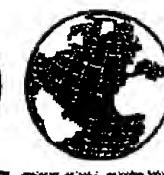
mouth. Anyway, I did ask. The answer was not all that clear. but it seemed to have something to do with 1992, the date when all economic barri-

posed to disappear. zens of the 12 member states was all being done in such a winners. trade is not unfairly poached now. from neighbours across the Mr Raimond, I infer, wishes Is it possible that two coun- ences on the other.









Searching for an elusive esprit de corps

fore, it is unrealistic to expect close to them". Again, these the same sort of people - that as truthfully. there is a European identity.

can all identify.

it to work on the scale of the are words one does not easily EC unless there is a compara- imagine on the lips of Sir ble sense that, deep down, Geoffrey Howe, though he Europeans are more or less could probably say them just

The foreign ministry was not alone, I was told, in seek-Few people nowadays ing to stage some impressive would wish to proclaim this event before the election camidentity as a racial one. So, if paign got going. Mr Chirac it exists at all, it must be cul- had hosted an assembly of tural: there must be some- France's Jewish community. thing special about European Mr François Leotard, Minister civilisation, derived, no of Culture and Communica doubt, from a common Euro- tion, was about to launch an pean history, with which we initiative to defend the written word against competition

Edward Mortimer asks whether there is any such thing as a European identity

to be remembered as a foreign tries so profoundly different So, the one thing we had Such a degree of mutual minister who took culture can share a common identity better not do, if we want to confidence, such a spirit of seriously. A career diplomat of any sort? Indeed, I began preserve European culture, is give and take, can only be by origin, he describes him- to wonder, at certain to try to define it too closely achieved among people who self as having "long been con- moments, whether the real or decide who exactly belongs feel that they belong together. nected with intellectual cir- object of the exercise was not to it and who does not. Hitherto it has usually been cles, in the broadest sense" to make us English feel as Although of course, if Mr Raidone only within a single and adds that he has "always un-European as possible, in mond is devoting any more state under the name of been careful to preserve the the hope that we would banquets to the subject I'm 'national identity". There- ties which had drawn me exclude ourselves from the sure ...

That, at least, was what I from the electronic media. (or German, for that matter) ers within the EC are sup- took Mr Raimond to be on And, of course, President Mit- and saw no reason to suppose about, though the words are terrand was having his grand that a television diet of For that to succeed, the citi- mine not his. As for why it colloquium of Nobel Prize home-grown European soap

will have to develop great hurry, that was explained by My chest swelled at the preferable to the present one confidence in each other's my French voisin de table. thought that I had been of Dynasty and Dallas. willingness and ability to The present French Govern- invited to Paris in an attempt Almost everyone pointed apply common standards in ment cannot last beyond next to draw some of the limelight out the absurdity of trying to many quite sensitive areas of May, when either the Prime away from Dr Henry Kissin- limit European culture to the life. The British, for instance, Minister, Mr Jacques Chirac, ger and Mr Elie Wiesel. But member states of the EC, as will have to assume that the will be elected President of my brow furrowed at the con- though Prague, Vienna and authorities in Greece and Por- the Republic - in which case comitant thought that all indeed Moscow were not tugal are as zealous as their there must be a new Prime these events were actually essential parts of it; and own in keeping out drugs, ter- Minister and a reshuffle - or supposed to endear their everyone agreed that if two rorists and rabid dogs. If Lord he will not, in which case sponsors to the French elec- things above all could be said Cockfield's argument is there will be a different gov- torate. Almost any of them, if to constitute the European accepted, there will even have ernment. So anything the the cost of it were publicised, cultural identity, they were to be VAT on items currently present ministers wish to be would surely be enough to linguistic and ideological exempt or zero rated, so that remembered by has to be done damn a British politician diversity on the one hand, beyond redemption.

Community and leave the "real" Europeans to get on with it.

It is, after all, difficult to divorce culture from language and the English have made the mistake of sharing their language with a great power outside Europe, whose culture is seen by some Europeans as a threat to their own. Mr Andre Fontaine, editor of the daily newspaper, Le Monde, told the symposium that he feels more in Europe when he is Buenos Aires than he does in Paris, because there are fewer English words to be seen on hoardings in the

streets. English, it seems, is not a European language: a view shared by the French foreign ministry, which had been careful to invite a group of British "intellectuals" capable of speaking French, and hence unrepresentative of British culture. "You should have invited people who like you less," declared one of them, the historian Mr Theodore Zeldin.

Ironically, English was spoken in the symposium only by a couple of Irish writers - one of whom quoted Oscar Wilde: "They gave us their language and we turned it into literature" - and by one nobly heretical Frenchman who was prepared to repay us the compliment. He. I assume, was summarily guillotined as soon

as we had gone home. Luckily the French obsession with the dangers of Europe being Americanised by the spread of the English language turned out not to be widely shared. Danes, Flemings and Catalans seemed just as resentful at the thought of being forced to speak French operas would be in any way

and openness to outside influ-

ADVERTISEMENT.

PLESSEY TO ACQUIRE SEMICONDUCTORS

Plessey is to acquire the semiconductor operations of Ferranti, bringing together two of Europe's leading ASIC (Application Specific Integrated Circuit) manufacturers to create a strong UK company better able to exploit the worldwide market.

GROWTH SECTOR

Both Plessey and Perranti are committed to the ASIC sector, which is forecast to show 67 per cent growth by 1990 and holds substantial potential for those companies with a powerful capability.

Sir John Clark, Chairman and Chief Executive of Plessey, says: This acquisition enhances our capability to achieve further profitable growth by strengthening the Plessey base in ASIC products. 'Our target is to reach at least

the same levels of profitability

in the combined company as we have already achieved in Plessey Semiconductors.

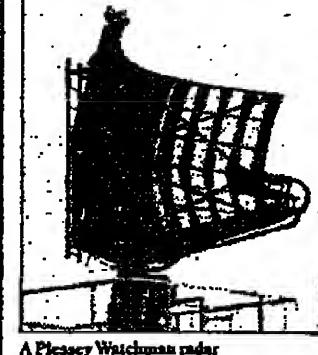
Only by establishing a more powerful domestic industry, better able to face up to international competition, can the UK begin to correct its substantial current imbalance of trade in integrated circuits with the rest of the world.'

Plessey has consistently invested in research and development and manufacturing for silicon integrated circuits, creating in addition

CONTINUED INVESTMENT

FOUR MORE WATCHMAN RADARS FOR FINLAND

Plessey has won a £6 million contract to supply four Watchman radar systems to the approach control radar systems Finnish Air Force.



These advanced medium surveillance and will be installed at military and civil airfields.

Finland was one of the early buyers of Watchman, with three delivered between 1983 and 1986. This latest order demonstrates the confidence of the Finnish aviation authorities in the performance and reliability of the system. It brings the total number of

Watchman systems sold worldwide to over sixty and establishes it as the leading radar in its class. Delivery of the new Finnish order will begin in 1989.

39

Northamptonshire, one of the world's most modern silicon fabrication plants, at Plymouth. The company's semi-

conductors subsidiary has grown from an annual turnover of £18 million in 1980/81 to £64 million in 1986/87, when it was identified by Dataquest as the fastest growing semiconductor company in Europe.

This strong organic growth, planned to continue into the 1990s, has now been complemented by the Ferranti acquisition.

Plessey has two main centres for semiconductor manufacture - at Swindon and at Plymouth. Its products are based on bipolar and CMOS (Comple-

conductor) technology. **WORLD'S FASTEST**

It recently announced the world's fastest bipolar integrated circuit and was first in Europe to produce CMOS on six-inch wafers.

Ferranti semiconductors, with current annual turnover of £60 million, provide a highly complementary fit. Manufacture is concen-

trated in Manchester and there

are also custom chip engineering and design facilities in California and Munich. Products are based on bipolar technology enjoying a high reputation around the world. Both Plessey and Ferranti export approximately 50 per cent of output.



£20 MILLION ORDER FOR SONOBUOYS

Orders for 124,000 sonobnoys, worth £20 million, have resulted in Plessey becoming the principal supplier of sonobnoys to the Royal Navy and the Royal Air

This lifts Plessey sonobuoy orders during the last two years to over £40 million.

It's the culmination of longterm investment in research and in manufacturing which takes Plessey from market entrant to leader in only five

Deliveries of the new sonobuoys should start during the spring of 1988.



PLESSEY the Pleasey symbol and Watchman are trade marks of The Pleasey Company pie.

Mr Gorbachev's restructuring drive is not a matter of mere words

economic development are com-

control and supervision of and so forth. industrial ministries for a long

progress is hampered both by

and lack of knowledge of how

tance of economic managers to mance. The current reform is endorse their own plans. Their reform in the USSR. abandon the old stereotypes of more consistent and compre- operation will be regulated only thinking and management and hensive. It changes not only the by draft production figures, formal, a matter of mere words, to employ new approaches to system of planning and man- cost limitations and state

work. It is also true that, on agement, but also the legal orders.

acquiring a greater degree of foundation of producers work: I would also like to point out independence, producers - who extension of democracy, electihat the 1965 reform, inconsisoperated under the constant tions of economic managers, tent as it was, ensured the time - still cannot use it fully, nomic independence of a pro- grew by 77bn roubles as to it are being tackled in an or exploit the advantages ducer was restricted by a multi- against 45bn roubles in atmosphere of openness and tude of bans and indicators 1961-1965. Labour productivity On the whole, the restructure from higher up. In those times went up by 37 per cent, making ing drive is not plain sailing. Its producers did not have the it possible to increase real per Viktor Loginov,

to work in a new way. This is into force on January I 1988, reform will lose momentum if Moscow

As regards the parallel ducer who is free to administer leaving producers no room for plex and contradictory and can between the current economic it. There are plans for a more initiative in concluding direct reform of 1965, consistent implementation of contracts with their partners it should be recalled that the the principle of material liabil- In other words, the ministries True, the current restructur- 1965 reform dealt mainly with ity for production results and are restricting producer indeing process in the USSR in some the system of planning and the quality of goods. From now pendence which is the fundacases runs up against the reluc- assessment of economic perfor- on producers will draft and mental principle of the current

Soviet Union's economic growth Under the 1965 reform, eco- 1966-1970. National income ing, as all problems pertaining chance to administer even a copita incomes by one third. Deputy Director, Institute of outdated management methods portion of their output. The law Of course there are fears Economics.

on state enterprise, which came today that the new economic USSR Academy of Sciences,

Sir, I do not share the pessimism expressed by Mr Holheinz lower than expected. This is perfectly understandable; a dence between production new orientation of social and well-worn path to failure" (January 7), although I do admit tably linked with setbacks and that the dialectics of social and that the dialectics of social and tably linked with setbacks and losses.

Why many national economic lifted these restrictions.

Further, the 1965 reform nomic problems prevail, as in the perfectly understandable; a dence between production other mass media, for example, results and the profit left at the economic development is inevitably linked with setbacks and losses.

As regards the payallel discreptions.

Further, the 1965 reform nomic problems prevail, as in the past. The Soviet press and dence between production other mass media, for example, results and the profit left at the reported with the utmost contrast, the remaining share of profit now belongs to the producers no requirement in state orders, thus

The 1965 reform was largely which made it impossible to implement the principles of profit-and-loss accounting on which it was based. Conversely, the current restructuring policy has better chances of succeeddemocratisation of society.

A Pleasey Watchman radar

Facsimile: (01) 588-2644

FINANCIALTIMES

Tuesday January 26 1988

PUBLIC RELATIONS WE HAVE AN EAR IN IMPORTANT PLACES

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G'day Australia and welcome to the plastic dollar

BY CHRIS SHERWELL IN SYDNEY

YOU HAVE probably heard of plastic money, and you may even believe you own some, thanks to your credit card company. But Australia is about to receive the real thing.

To commemorate Australia's bicentenary, the Reserve Bank in Sydney, with expert scientific help, has developed a special polymer banknote with a shiny portrait of the explorer James Cook in one corner which throws out a rainbow of colours.

The new A\$10 (\$7.2) plastic note - which is being offered at B premium price of A\$14 - will go into circulation immediately

tional paper currency but has a deformity and split in two. smoother, slightly waxier feel. It is too early to say whether it folds like a paper note, and the locally-developed Austraeven creases like one, but it lian note suffers the same returns to its original shape. The idea of plastic money is Bank says it has survived not new. De la Rue, the British washing machines, burial and

idea and rejected it. Rivals Bradbury Wilkinson, now taken over by de la Rue, Australian note is that it is virtried it in the Isle of Man, tually impossible to forge. It

after the Australia Day celebra- where it is still in use, and in tions today.

Haiti, where it has met with a Watching closely is the secret conspicuous lack of success, and mysterious world of secu
The main complaints focused rity printers - and, no doubt, on a plastic note's inability to withstand wear and tear - it The note looks like conven- could melt, be stretched to

weaknesses. But the Reserve banknote printers, looked at the other potentially injurious tests of durability.

One unique feature of the

from which it is viewed. Morning Star pole.

1788. The ship portrayed, numbers will be circulated.

issuing authority, launched a Printing Branch.

carries an OVD - an optically publicity campaign over the variable device - which changes weekend to bring the public's colour according to the angle attention to the note. A small reference in its advertisements As for the note's nine-colour to a special "first print" souve-design, one side shows an nir issue provoked thousands of Aboriginal youth, an ancient telephone calls yesterday from rock painting and a ceremonial interested people anxious to purchase one.

The other shows one of the Embarrassingly, however, original ships and some of the supplies are limited - no souve-people who first established a nir issues will be available at settlement at Sydney Cove in first, and initially only reduced called "Supply," gives welcome This is because the Bank has new meaning to the term "sup- been subjected to a classic squeeze: industrial action by.

The Reserve Bank, as the printing employees at its Note

UK urged

European

to join

space

projects

year by the early 1990s.

By Peter Marsh in London

BRITAIN'S space policy come

report from the House of Lords

science and technology commit

European Space Agency (ESA).

under strong attack today in

David Thomas reports on Philips' long but fruitful voyage of discovery

Taking the slow boat to China

"IN 1984, we travelled like Columbus. We got in our bost and we were not sure what we would find." So says Mr Jasp Ellerbroek, marketing director for private telecommunications equipment at Philips of the Netherlands, looking back at his earliest experience of trying to do business in China.

The first leg of Philips' voyage of discovery to China has multinational was able to reach ended with an announcement this happy conclusion, it went that two Chinese factories have through three years of on-off signed an eight-year deal to negotations which illustrate make Philips private exchanges some of the problems of clinch-(PABXs) under licence. A third ing contracts in China as its factory is expected to agree a economy modernises. similar contract with Philips before the end of this month. off along the same path trodden optimistically by so many foreign companies aware of the ject to much more relaxed possibilities in a country of

such unrealised potential and a population of more than 1bn. Many of these companies have found the going tough, whether their business is hotels, aircraft assembly or motor cars. The Chinese want foreign investment and expertise, but the prospect of export- largely by the scarcity of foring such commodities can be tricky, both in terms of making money and in training sufficient Chinese personnel to

maintain quality control. Philips reckons the deal - the first in which modern digital PABX technology is being transferred to China - will give it a large share of a market for business exchanges that will be among the world's 10 largest within four years. Each of the three factories will build up to between 80,000 and 100,000 Philips refers to laconically as a ern telecommunications compa- product range - including, in about Fl 200m (\$107m) to Philips over five years.

UN to consider

report on West

Bank and Gaza

Philips of the Netherlands has secured an eight-year deal with two Chinese factories to make its private exchanges (PABXs) under licence, Meanwhile, Plessey, of the UK, is expected to announce within a month that it has won a PABX technology transfer deal for one of the factories in the Chinese programme, writes David

However, before the Dutch

Mr Ellerbroek said: "From a controlled, planned economy, it Philips will thus be setting is becoming a much freer market in which future developments are state-guided, but subcommercial considerations." In the three years Philips pursued the contract, several changes took place in the way the Chinese set about trying to

reach their decisions - swinging from decentralisation to centralisation and back again. These shifts were determined eign exchange at a particular Back in 1984. Mr Ellerbroek remembers, "it looked as though money was no problem." But by the middle of 1985 a reaction had set in. The Chi-

nese authorities became worried about foreign exchange which, in Mr Ellerbrock's words, became "a bit of a headache...suddenly the whole thing got into a bit of a panic."

because of the foreign exchange By July 1987. Philips public exchanges.

Thomas in London. difficulties, which persist to this day, but also, and more importantly, because of the the Chinese Government in the flux and uncertainty within final approach - that of the

nese leadership about which

direction to take on a range of

and foreign investment. Negotiations picked up again in dollars. and the Dutch company was close to signing with the two carefully to cover three phases factories which had always which will succeed each other brock believes the two compa- first, China will import entire nies were impressed by Philips' Philips PABXs; next it will experience of joint ventures in import parts for assembly; then pany's PABXs imported from components wherever it its Hong Kong subsidiary.

10 factories should invite ten- and the Netherlands throughders from all-comers for PABX Out. work. Philips was almost back

least half-z-dozen people, the Dutch company had to negoti- Ellerbrock says. ate with a combined Chinese

believed it was once more making good progress, but there followed another silent period before news of the deal finally came through just before Christmas.

While this may sound chaotic, Mr Ellerbrock says the swings are not that different from the fashions which sweep Western multinationals.

Moreover, the involvement of competing elements of the Chi- central tender - also brought with it the solution to the problem of foreign exchange: the issues including joint ventures Chinese authorities agreed that Philips would be paid entirely

The deal itself is structured shown most interest. Mr Eller- in gaps of about six months: other developing countries and it will move to manufacture by their experience of the com- proper with freedom to get its chooses, which could result in However, the Chinese then up to 90 per cent of the parts swung back to a more central- coming from sources other than ised approach. In 1986, the cen- Philips. Philips will train Chitral Government decreed that nese personnel in both China

Philips believes it will be about five years before it is Philips had to submit bids to possible to say whether its voyall 10 factories. Since each fac- age as a group into China has tory was represented by at paid off. Philips has taken long-term view of China." Mr

By then, Philips will be able team of more than 60 people. to judge whether or not it is Moreover, now Philips was up going to do largescale business This was followed by what against the other major West- in the country across its whole silent period from mid-1985 nies, "the whole world was at telecommunications, broadening to 1986. This was not only the table," Mr Ellerbrock says. Out to other products such as

THE UNITED NATIONS Security Council will meet tomorrow | ROWNTREE, the UK-based attempting to launch a manageto consider Secretary General international confectionery ment buy-out. Javier Perez de Cuellar's report | group, is pulling out of the on the situation in the West Bank and Gaza Strip territories occupied by Israel, writes Reu-

The report, issued last Fri- Rowntree Snack Foods. day, recommends a concerted effort to persuade Israel to accept the full application in the territories of the Geneva Convention on the treatment of civilians in wartime.

ter from New York.

Asked whether this week's debate would result in a resolution on the short-term issues US purchase, cost \$140m involved, council president (\$249m) in 1983. The British employees and is well known in Crispin Tickell said: "We shall snacks business, formerly the US for its Willy Wonks and failure of one of Rowntree's see it hasn't yet been decided." Sooner Foods, based at Scun-Nerds sweets. earliest attempts to diversify in He added: "I can't say we will | thorpe in the north of England, deal with the short-term problems now and the long-term problems later because in many ways the solutions to the short-term problems lie in the long-term."

Rowntree to pull out of snacks business in Britain and US

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR, IN LONDON

ness in the US and Britain. Foods of Columbus, Georgia, and its British subsidiary

Although Rowntree would not name a price, Mr Nick Nightingale, a director, said the company hoped to get at least what it paid for them. "We don't intend to dent our earnings per share," he added.

crisps and savoury snacks busi- is expected to be used to other savoury products. rebuild the group's presence in companies in Rowntree's core from the leading manufacturers confectionery business. "Selling will give us the funds to help with our next acquisition, Mr Nightingale said. The London market is not very good for raising funds at the moment." Sunmark of St Louis, Mis-

souri, which was bought in 1986 for £155m is likely to form the foundation for expan-Tom's Foods, the group's first sion in sugar confectionery. The company has 900

was bought a year earlier for Tom's Toasted Peanuts in the tley & Palmer biscuit business. £13.5m. Analysts yesterday south-eastern and south-west- After its bid was referred to suggested that the sale might ern states, has seven factories the Monopolies and Mergers yield as much as £180m. and employs around 2,500. Last Commission in 1982, Rowniree Executives of the US com- year it made profits of \$21m on pulled out and Nabisco gained pany are believed to be sales of \$247m.

Both companies have sufof savoury snacks in the US and Britain.

"Tom's and Snack Foods are chairman said.

The move into savoury

The British subsidiary made \$1.5m from \$42m turnover on A large part of the proceeds Riley's and Murphy's crisps and It has put up for sale Tom's 'the US through acquisitions of fered from heavy competition

sound businesses with good futures, but their development will require an injection of resources which we can invest more effectively elsewhere," Mr Kenneth Dixon, Rowntree's

snacks in the UK followed the Tom's Foods, best known for the UK by taking over the Hun-

Pohl expects US to halt decline of dollar seeing developing countries this could change if the dollar on precise, fixed target zones remain solvent, the US had stabilised. for the US currency, a senior

Continued from Page 1

for a stronger World Bank role in combatting the international debt crisis, said it was hard to find sympathy for the recent reluctance in Congress to agree a rise in its capital.

This was due to worries over the US budget deficit, he said, but extended World Bank activities could be financed through

World Weather

even bigger economic and politvirtually on its doorstep.

ical reasons. Brazil, Argentina allow German exports to rise, and Mexico, for instance, were though less strongly than last Commenting on the German would again strongly underpin economy, he said the main economic growth and a high uncertainty surrounding the public sector deficit was neces-Government's assumption of a sary and unavoidable in the 1.5 to 2 per cent growth rate in economic circumstances, he 1988 was private investment.

A stable dollar would also year. Private consumption

capital markets.

In recent years this had Although Germany, as one of the world's biggest trading countries, had an interest in about the growth outlook. But port of the dollar is not based

UK official said in London yes-

Sir Geoffrey Littler, the Treasury official in charge of international finance, said that understandings on intervention paid as much attention to the dynamics of currency move- tions. ments as to particular rates.

The central banks tried to avoid giving the markets the impression they were defending particular rates for the dollar.

Lawyers denounce Israel

Continued from Page 1

Mr Youssef eventually had to have an operation for the

duced a medical report to prove as not to use guns." By the time I reached the camp, it had been placed under curfew and Israeli soldiers pre- to intimidate the population vented me from going in. throug One of them claimed that only tories

removal of one testicle and pro-

sticks which, in any case, were made of plastic.

Several of the men, however, were carrying rough wooden truncheons. When he saw me fingering one, the soldier The centre should be given a added: "We have to use these so stronger role, says the commit-

The Government has been too throughout the occupied terri- restricted in its thinking about space, according to the report.

THE LEX COLUMN

Two's a crowd at Blue Arrow

Blue Arrow has misread the psychology of the market if it thought the unfortunate issue of Mr Castleman's resignation as chief executive could be cleared up quietly before today's results announcement. Greater perception might have been expected from a people business: surely it could have guessed that the market would instantly anticipate a nasty sur-

prise in the figures. The 14 per cent initial fall in the share price showed the market willing to believe the worst of a company which stuffed it with \$837m shares at the top of the market. Even the closing 7p fall was equivalent to over 100 years of Mr Castleman's £300,000 plus annual salary - an overly generous estimate of the damage that a City heavyweight can do in two months. The market's fears seem ill grounded, and there is no evidence that Blue Arrow. will not comfortably exceed its profit forecast made at the time

of the Manpower acquisition. tee, which calls for Government While the Castleman debacle spending in this area roughly to double to £200m (\$358m) a appears to contain no sinister secrets, its message is none the more reassuring for that. The world's biggest employment The committee says Britain should join two important inter- group is apparently not large national space projects - the enough to give sufficient elbow Columbus orbiting laboratory room to both a chairman and a chief executive. For all its and the Ariane-5 rocket - being organised by the 13-nation growth, ambitions and market leadership. Blue Arrow has Britain has regarded these shown itself to be still a one projects, which will cost a total man company. In the short term of about £5bn by the end of the this may not matter as Mancentury, with only luke-warm power seems more than capable interest. The ESA has given the of running itself. But if Blue UK until February 10 to decide Arrow's share price ever recovers sufficently to regain it a

Rowntree

whether to join the schemes. Lord Shackleton, the commit- place in the FTSE-100, a little tee chairman, said yesterday more breadth of management would be reassuring. that the Government had shown a "lack of concentration" on the issues at stake in space

He dismissed the Government argument that projects should out of the snacks business put be backed only if they held out | 7p on its share price yesterday. a reasonable promise of direct! presumably on the grounds that economic returns within a se number of years. He said space projects were in both the UK and US seem too closely bound up with general competitive these days for a questions of national self-es- player on Rowntree's modest

teem and the challenge of scale, and the theory is that by reducing its genting from perexploring a new domain. The committee agrees, how- haps 50 per cent to nearer 20 ever, with the Government's per cent the company will free refusal to join another ESA itself to make acquisitions in scheme, a project to build the more rewarding areas. French-inspired Hermes There is a nagging sense, manned space shuttle by the though, of coming full circle. end of the 1990s.

According to the committee, away from confectionery goes the Hermes project is driven back a very long way, but was largely by the prestige of putting Europeans into space independently of the US and USSR. | thirds of the company's net The committee says that worth on cocoa futures. Then Britain cannot expect to continue as a major power in space without significantly increasing its spending, which is well below the figures for France, West Germany and Italy. The report says that the UK's civilian space budget of about £112m a year "gets the worst of all worlds - too much for real savings (and) too little for

budget is to stay at this figure the UK might as well bow out of space now." According to the report, Britain should aim to contribute about £130m a year by the early 1990s to ESA programmes including the Columbus and

lasting achievements. If the

Ariane-5 projects. Collaboration on both schemes along the lines of what the committee seeks would mean that Britain would spend a total of roughly \$400m by the late 1990s.

The UK should also have a strong non-ESA space programme, the report states, supporting work in Britain and permitting the UK to join non-ESA countries, such as the US, in bilateral schemes.

This element of the overall space programme, financed at about £70m a year, could involve satellites for communications and for remote sensing. This last discipline involves viewing the Earth from orbit, possibly using radar and other

obtain information about crop growth and geological forms-The committee is optimistic about the commercial promise of remote sensing, which it says Britain is in a good position to

novel sensor techniques, to

exploit. Britain should, says the report, take the lead in the Columbus scheme in building a specific segment of the laboratory that under ESA plans is to be used for observing the

One of the Palestinians, Mr a few people had been arrested Issam Dib Youssef, a 33-year-after throwing stones and that old man from the village of Beit no one had been given more sound space policy is bound up than a tap on the arm with the been kicked "between the legs" sticks which, in any case, were by a soldier and prevented for hours from getting medical Several of the men, however, set up in November 1985 under

There seems little doubt that from parliament rather than such beatings have been used through another government indiscriminately in an attempt agency.

Blue Arrow Share Price (pence). 140 1660 Rights Issue

came the huge recovery of the late 1970s and the start of the iong march into the confectionery markets of Europe; and when diversification eventually came, in the early 1980s, it consisted of buying the two companies which Rowntree now pro-

poses to sell. The sale of Tom's Foods will also be a setback for the company's ambitions in the US; it is locked out of chocolate confectionery by the dominance of the . market leaders and its licensing agreement with Hershey, and will presumably have to rely on developing the sugar confectionery business of Sunmark. Meanwhile, the original UK business is flat, and Europe will continue to need cash to keep the volume growing. There are attractions, certainly, in the company returning to basics, but they might be expressed simply by a return of the old bid remours.

Eastman Kodak

Eastman Kodak is a prime example of the grand-old US blue chip stock which commanded a massive market posi-Rowntree's decision to sell tion for so long that it failed to notice the competition until it was nearly too late. Some companies like Coca-Cola, Boeing it makes sense to retreat from a and Anheuser-Busch have been blind alley. The snack markets extremely successful at defending their traditional markets. while others such as General Motors and USX Corporation have found it necessary to make expensive acquisitions in a bid to maintain their momentum. Eastman Kodak, whose name is synonymous with the camera business, fits into the latter category with its \$5.1bn offer for Sterling Drug. Rowntree's desire to broaden.

There is a certain amount of industrial logic behind the bid. Kodak's traditional photographic business has spawned thirds of the company's net considerable pharmaceutical research and while Sterling is

not one of the crown jewels of the US drug industry, it was available, at least, and provides Kodak with a useful distribution network for bringing its drugs to market. However, Kodak is paying an estimated 22 times current year's earnings for Sterling, and th impact on its own earnings could be felt for the next four years. In addition, its gearing rises sharply. Given the traumas it has had to go through in adjusting to the Japanese competition in recent years, there must be questions about its ability to digest an acquisition of this size. Wall Street's concerns about the deal - reflected in the sharp drop in Kodak's share price yesterday - have been increased by Kodak's apparent intention to

RHP/Burgess

RHP's reaction to the announcement of weak trading at Burgess - to offer a higher earnings multiple than before may seem an odd response to bad news. Clearly RHP thinks the news is not as bad as all

keep all of Sterling's assorted

Indeed Roger Pinnington RHP's chief executive, could scarcely mask his satisfaction yesterday. Burgess's misfortunes had given him the excuse to mount a pre-emptive coup against the proposed board of the enlarged company, from which RHP - and Mr Pinnington himself - have emerged dominant. What was originally seen as a reverse takeover by Burgess has been reversed again into a straightforward acquisiton by RHP, and thanks to the benefits of acquisition accounting, should lead to little dilution of earnings in the cur-

rent year.

But once the accountants have done their bit it will be up to the much-admired Bob Morton, chairman of Burgess and deputy chairman of the new group, to prove that he has not lost his own acquisitive touch Yesterday's news of a disastrous December for American Electronic Components, bought by Burgess last June for \$48m. can hardly have come as a surprise given AEC's dependence on automotive electronics and the state of the US automotive industry. But it must raise questions about the bolt-on approach which has allowed Mr Morton to transform Burgess in three years from a group with a market capitalisation of £2m to one which is worth £91m to

British Gas

Received debt ratings of

P1 (Short Term) Aaa (Long Term)

Moody's Investors Service

A1+ (Short Term) AAA (Long Term)

Standard and Poor's Corporation

Kleinwort Benson Limited acted as advisers to British Gas plc during the rating process

> Kleinwort Benson Limited

Aginta
Aginta
Antincian
Atthony
Behavin
Bengleic
Betrain
Belgrap
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Berger
Berg 45 Ho de Je

1 46 Home

2 46 Home

3 71 See Francist

4 75 Secul

1 34 Singapore

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15 5 Straboury

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12 54 Tangler

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FINANCIALTIMES



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Australia is a vast continent with a small population. This year's bicentenary leads to thoughts of the future.

The odds are that Anglo-Celtic Australia will sooner or later vanish, to be replaced by a thriving new Eurasian nation: the inscrutable land of Oz. Joe Rogaly explains

A nation of sojourners

IT IS not certain that the Australia we all know and some of us love has a future. After 200 years an overwhelmingly British presence has been implanted on a boomerang-shaped corner of this vast, empty, continent in the South Pacific - but that is about all. In rather less than two centuries from now that presence may have melted away, or, perhaps more likely, it will have become more Asian than either British in particular or West European in general. The jury of history is still out.

So much is understood by some Australians, and not a few Asians. The highly intelligent Labor Party politicians who are currently in control in Canberra are aware of it. Some of the newly-rich businessmen know it in their hearts, even in that furthest outpost, Perth. The Hong Kong Chinese. for whom Sydney is on the list of suitable bolt-holes along with Vancouver and San Francisco, are part of the process. The Japanese are making their bid in yen. The Vietnamese boat-people (many of them ethnic Chinese) have already achieved a number of successful landings.

The average white Australian, serene in lotus-land, happy with his beer and his barbie, is probably too pragmatic, too circumscribed by a tendency to see only the immediate, for any serious consideration of such mat-

This perception of the tenuous nature of the Australian polity is not only the product of calculations about past and likely future migration, significant though that factor undoubtedly is. Four other considerations are at least as important. They are, in no particular order: the nature of the land and its ecology, the place of Australia on the global map, the size of the country and, of course, the history of the European presence. (The dreadful fate of the Aborigines is tied up with the latter.)

Those five ingredients have determined the sixth, which is the economic outlook. In spite of the recent emergence of a number of swashbuckling international entrepreneurs, Europe's Australian children do not seem well suited to compete in a Pacific Basin that houses such existing centres of energetic excellence as Singapore, Hong Kong, South Korea, Taiwan and Tokyo, with more coming up in the rear. Unless they do learn to compete, they will remain dependent upon commodity exports, mainly to those very competitors. Can an Asian takeover bid be far behind?

It could be that this picture is far too apocalyptic. One way of judging that is to study its determinant parts. The most evocative is the nature of the land.

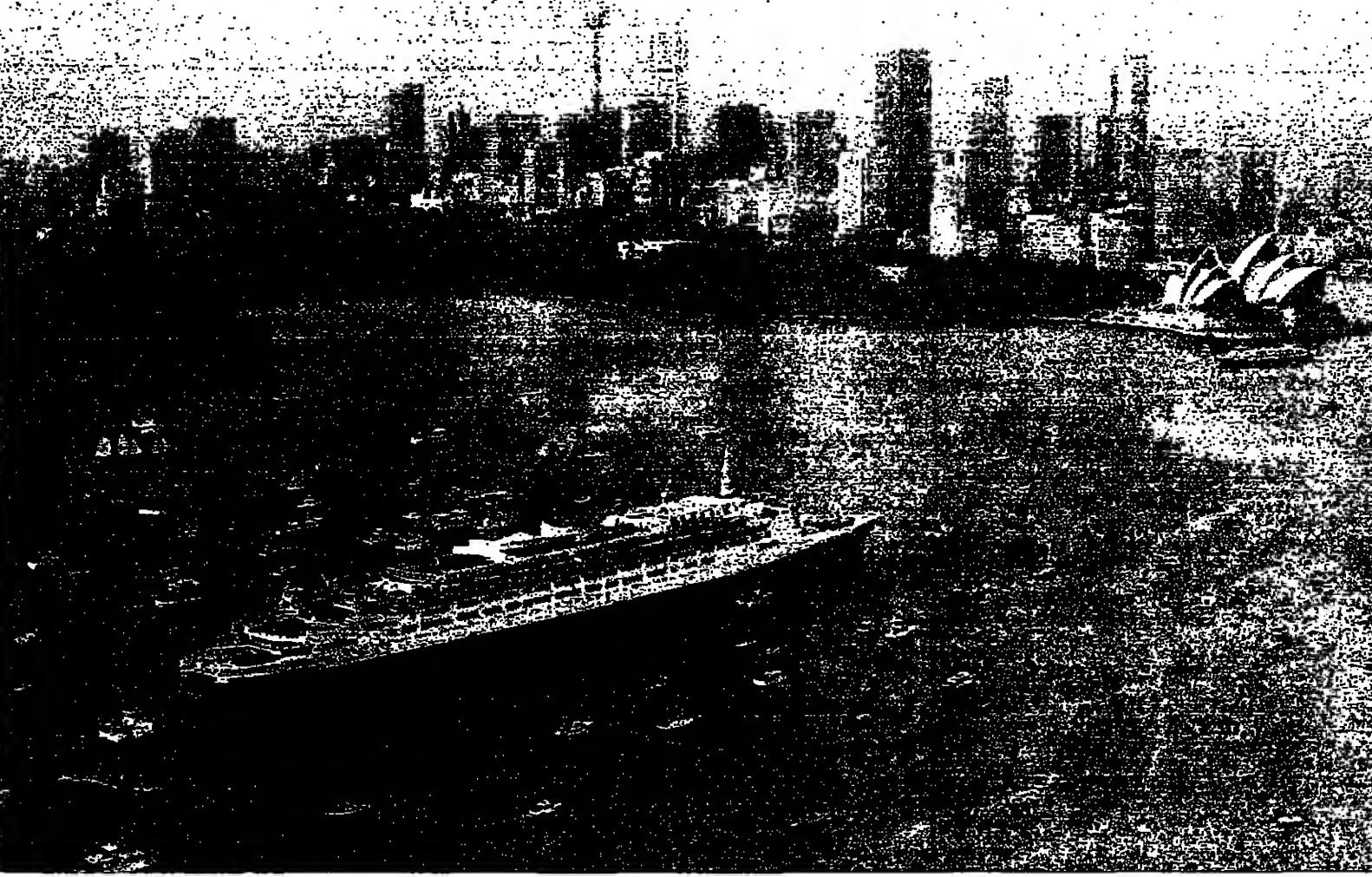
As good a place as any to start is on the Yellow Water billahong, which lies between Jim Jim creek and the South Alligator River, high in the Northern Territory, and just "down the road" that is, 200 miles or so - from Darwin. (It was Charles Darwin, on board HMS Beagle, who wondered whether there had been not one Creator but two - one for Australia and one for the rest of the planet.)

If you take a boat and put-put around the billabong it becomes clear that if there is something special about Australia, other than the fact that it is very far away, it is its landscape. It has the soul-searching loneliness of the desert, although by no means all of it is wasteland.

A distinguished Australian historian. Professor Manning Clark, refers visitors to the passage in the 39th psalm: "...for I am...a sojourner, as all my fathers were" as expressing the feeling of impermanence experienced by most immigrants to these shores since the first European wave arrived in 1788. He believes that Australians are becoming more settled now, more self-confident. Perhaps. It certainly does not feel like that on the Yellow Water billabong. Imagine:

We are in the middle of Kakadu National Park, in the same-bath heat and humidity of the great build up to the monsoon. Out on the muddy pond a crocodile lazily lifts his eyes and snout, decides it is too hot, and sinks back. It is said locally that a saltwater crocodile can live for 250 years. Was this one aged 50 when the first British convicts headed for Botany Bay, 2,000 miles to the South-East? He is too small to be so old, but this is a place

for such reflections. Look down. You see a perfect mirror: of the overhanging forest. On that side is a tall fanpalm, its trunk running straight above and below the water. On this, perhaps, is a stray mangrove, its roots doubly tangled by the mirror effect, or a paper-bark, twice ready to shed its skin. Birds of a thousand colours fly within the undergrowth: a bright blue-and-or-



Politics: Unavoidable issues Foreign affairs: Regional stability heads new priorities Defence: Self-reliance key The states: Frustrations and advantages of a federation The economy: Record debt' requires austerity Industry: Adjustments follow Labour: Time to strike Finance: Deregulation pauses for Entrepreneura: Migrant stars Stock market: Back fundamental values Foreign investment: Two steps Agriculture: Riding on the sheep's back Mining: Slump comes at a bed The environment: Policies add power to Greenies Tourism: Valuable free publicity
Sport: In place of Hollywood 10 The arts Media: Aftermath of acquisitions

Pictured left: Sydney Harbour. The QE2 arrives in Sydney next month as part of the celebrations. Picture by Giyn Genin

CONTENTS



Australia //

200 YEARS OF NATIONHOOD



droughts. At the turn of the century, for example, the sheep population, the foundation of the economy, was halved. The most recent extra-long drought hit south-eastern Australia at the start of the present decade, with devastating results. (A certain species of central Australian frog has learned to store enough water in its body to last for up to 18 months without a drink. The average Australian cannot manage this.)

About 40 per cent of the continent lies to the north of the tropic of Capricorn. The Aborigines have long been accustomed to it, but even with modern air-conditioning, it is doubtful whether large numbers of Europeans will ever be willing to live and work successfully in the heat. At best, there would have to be a very high wage incentive, or no work further south. Over the years Chinese, Polynesians, Afghan camel drivers and others have been brought in as labourers, and some repatriated. The tropical north still remains sparsely populated, even by Australian standards.

The modern Australia is a series of long narrow strips, each composed of a collection of suburbs running down the long coastlines at Brisbane, Sydney, Melbourne and Adelaide, with the Perth strip tucked away on the opposite corner of the continent. Together, those five conurbations contain close to two-thirds of Australia's

They live in excellent climates, conducive to healthy outdoor pursuits, with lots of time for sports and leisure. They speak the language of the playground: barbecue is barbie, university uni, journalists journes. Hong Kong Honkers, politicians pollys. Early Friday beckons and while it would be not entirely fair to say that Australians do not work hard, many seem more at home pottering with their boats, or taking a barbecue down to the beach, than in offices or workshops. (One of the constraints on the tourist industry, for example, is the "penalty rate" wage that must be paid by hotels and restaurants for weekend

work.) Some Sydney cynics assert that this suburban majority, quietly-spoken, essentially conservative and decent. does not care a fig for either the environment or the outback. Maybe so. But in the search for an Australian identity, it is the only home-grown measure of difference around. The reason is to be found in the ingredients that make up the Australian population.

Dreamtime Australians

The original dollop of population was provided by the Aborigines. Nowadays they matter little in numerical terms, or as part of the ethnic mix, but a great deal when it comes to the modern Australian consciousness. both of the land and its history.

The Aborigines themselves see these

matters in their own unique way. Before humans appeared there was the Dreamtime, a past-present-future continuum. Spirit creatures, man-like in behaviour, roamed the Australian earth and made the rules for living. They then turned into their current forms - rocks, trees, animals. The spirits live on in the generations of Aboriginal tribes. Thus each and every part of the land and its natural inhabitants is revered for the myth it represents. The land is therefore sacred and, the way they see it, it all belongs to the Aborigines.

It was impossible for the first British governors to grasp any of this. They might have understood a warlike tribe, led by a king or two, as in the case of the Maoris in New Zealand, (with whose North Island chiefs lieutenant governor William Hobson was at least able to settle the Treaty of Waitangi). But it was simpler to regard Australia as terra nullis. empty territory. The first Governor, Arthur Phillip, was under instruction to see that the newly-arrived British convicts and sailors lived "in amity and kindness" with the native inhabitants, and there is evidence that he

made an effort to enforce the ruling. It turned out otherwise. The slaughter began very soon, as settlers spread beyond the reach of early Sydney, and it continued for most of the 19th century and the early part of the 20th. Imported diseases, especially smallpox, contributed to the near-extermination of the people originally referred to by the British as "Australians". The people referred to by black Australians as "Yellowfellows" mixed-bloods - were offered assimilation in parts of white urban Australia, but most black Aborigines were confined to reserves.

In consequence their numbers, never precisely recorded, have dwindled to perhaps 50,000 full-bloods and, depending on your definition, three to five times as many mixed-bloods. This is but a fragment of a continental population of some 16m, yet its importance to the Australian psyche is disproportionately large. It impinges on those whose sense of history requires a justification other than raw conquest for white Australia's existence. and it has provided both a continuing focus for the Australian Left and a source of international embarrassment for present-day Australian governments.

The revival in Aborigine fortunes began in the 1960s. It has proceeded apace. In 1963 educated Aborigines, mainly "yellowfellows", began a civil rights campaign copied from American blacks. In 1967 Australians voted by an overwhelming majority to pass control over Aborigine affairs to the federal government rather than the often-reactionary states. In 1976 a law providing for aboriginal land rights in the Northern Territory began a process by which, so far, nearly a third of that vast area is under the control of Aboriginal Land Councils. which are financed by mining royalties. An aboriginal, Neville Bonner, won a seat in the Senate in 1971. Two Aborigine representatives sit in the Northern Territory legislative assem-

The sacred monument known to whites as Ayer's Rock has been returned to Aborigine ownership. As in Kakadu National Park, much of

which is also theirs. the Federal authorities have accompanied the grant of land rights and land councils with arm-twisted deals giving, for example, the management of the park

over to a federal service. Some tribes have seen the light: the motel at Yellow Water is managed by the Four Seasons group, on behalf of the Gagadju people, whose cash flow comes from mining royalties. A second motel, which has apartments laid out in the shape of a crocodile, is being invested in by the same tribe, with the same management. The Gagadju are among those whose ancestors painted fish and fierce gods on the rocks at nearby Ubirr and Nourlangie. These paintings, only fully understood by those who are clear about the Dreamtime, are primitives whose wonders are now seen as sufficient to call the rocky ledges "world-class art galleries". Many visitors concur.

It is not easy to draw these threads together. The story does not make sense. Much is being done, and much spent, to improve the Aborigine lot yet they remain the worst-educated, most poorly-housed, and least healthy segment of the continent's population. You still see drunks lurching in the streets of Darwin. A spate of mysterious deaths in jail cells - spicides? has broken out. Their infant and child mortality rate is 26 per 1,000 births, against 9.5 per 1,000 for white Australians.

In Sydney new Right theorists point

out that aboriginal unemployment

soared when it was made illegal to

pay less than the minimum wage. Others claim that they are being encouraged to rot on welfare, like the American Indians; yet others that the number of people proclaiming themselves to be aboriginal shot up as more social benefits became available. The next step is far from obvious. You could say that the grant of land and white-liberal administered councils to manage it is either paternalistic or copied from South Africa's Bantustans. If you argue that a better alternative is assimilation of individuals into modern Australia the reply is that it has been tried and found to fail and great improvements in health and education are necessary before it can be tried again. Some of the white liberals who work among Aborigines seem to see them as part of the ecology, to be preserved in original form along with all those birds and lizards. The rednecks of the Northern Territory, who abound, complain that the Aborigines want it both ways - their own land in which to preserve their own culture, plus white-financed roads and social services.

It is hard to see how the Australian Government can get it right. As part of the build-up to the bicentenary celebrations an unspecified form of "compact" has been promised. The fact that the land was originally owned by the Aborigines, and has been taken from them by conquest, was officially acknowledged just before Christmas. The compact will probably be a substitute for the occupation treaty that never was. Australians might swallow that; what they fear is that it will be accompanied by either large sums in compensation for past wrongs or a form of words that allows Aborigine tribes to sue.

Either way, the presence of the Aborigines is continuing evidence that the terra nullis was occupied for, say, 40,000 years before 1788. Then along came the British.

Just a moment, some might say at this point. We have heard this story before - in regard to the United States of America. The American settlers did not prove to be transients or economically weak. The (originally) British implantation over there conquered its environment; the US grew to become leader of the Western world. Why is Down Under so different?

One of the several fundamental differences between Australia and the United States is that their populations come from different sources. The ingredients in the melting-pot are not the same. The first immigrants, the Aboriginals, are but a tiny part in the mix; if, as some estimate, there were a million or more of them in 1788, they are numerically insignificant now. Only 1,5 per cent or so of Australians claim some aboriginal blood, as against 3.5 per cent of Americans who say they are all or part Red Indian.

The contrast is most apparent when you look at where the two streams of mainly European immigrants came from. (The US Census Bureau has calculated the "ancestry" of America's population in 1981. The Australian 1986 census results are, so far, incon-Continued on page 2

Selling the environment

Australia calls its environmentalists "greenies". They have done pretty well, with important consequences for both the federal structure of the state and the resource-based economy.

Take federalism first. The story

begins in the mid-1970s with a campaign to prevent the Tasmanian Hydro Electric Commission from building a dam across the Franklin River. A beautiful rain forest and a magnificent valley were threatened. It was thought that the greenies, led by a Ralph Nader-like campaigner named Bob Brown, could not win. The HEC is, after all, the major power in Tasmania. But Dr Brown is a man driven: his zeal shone through when we breakfasted in Melbourne. He used both classic body-blocking methods of protest (many supporters were arrested) and a heavy dose of facts, which he fed to the media. In March 1983 the Labor Party

won the election. Greenie vates. are believed to have helped. The new Prime Minister, Mr Bob Hawke, paid his debt by taking the Franklin dam case to the High Court, which decided that the Federal Government could overrule the Tasmanian state government because Australia had ratified the World Heritage Convention. This made the Franklin dam a matter of foreign policy.

Now one of Australia's constitutional weaknesses is the power of its states, which is far greater relative to the centre than are the more clearly defined powers of US states. Washington gradually extended its writ by using the

clauses in the US constitution relating to interstate commerce: Canberra has been doing the same through "foreign policy".

So the environment has become a matter for big government. An annual "state of the environment" report lists the year's doings. There is a knock-on to the resource-based economy:there are already five other World Heritage areas besides Kakadu. The Great Barrier Reef is per-

haps the most famous. Its fate is an object lesson in any study of how tangled the greenie issues are with Australia's desire to extract its wealth from its land. Some conservationists believe that the trample of tourist feet will destroy either the reef or the areas offshore. Maybe. I spent a weekend at its south-

ernmost tip, in the Heron Island resort now owned by P&O. We saw a giant turtle crawl up the beach, spend painful hours digging a hole with its flippers, and lay eggs in the sand, before covering them up and trundling down again. The underwater life was as varied and marvellous as the above-ground life in the nature reserves: giant clams, parrot-fish. barramundi, a (thankfully) small shark, stingrays, and, everywhere, the extraordinary coral. You walk ankle deep in water across the reef during low tide and snorkel over it in high tide. At Heron, the balance between national park and commerce has been nicely struck, it seems.

It is by no means certain that Australia will be able to hold that balance. As one canny Brisbane lawyer put it, you can sell the environment to the voters - if they see tourist money in it". The present policy is to preserve certain parts of the reef in its virgin state, but to allow holidaying, scuba diving, and both recreational and commercial fishing in selected zones. It is such an outstanding global attraction (the tiny town of Cairns expects halfa-million Japanese tourists next

year) that the Federal government is already muttering about not killing the goose that lays the golden egg. Dr Brown, now a member of the Tasmanian Parliament, believes

that the greenies will manage to stop what he sees as the worst depradations of their next primary targets, the loggers. The campaigns began when the Japanese began to buy Tasmanian woodchippings in large quantities; now they are planting Australian eucalypts in Brazil. Agreements to export are given only after an "environmental impact statement" has been approved. There is some replanting ("although you don't get the tall old trees that house owls, bats, and marsupials") and the greenies are encouraging forestry on derelict farmland. He thinks that the rainforest

sawloggers, who take wood fortheir own use, not chippings, will be stopped, on the precedent of the Franklin dam. "Logging was running down anyway," he says. Since we met a small but significant area of Queensland rainforest has been declared off-limits.

R

Delusions of grandeur

ange forest kingfisher here, a stone

curlew there. Another creature.

resembling a midget black hen with

blood-red head, flies, little legs out-

stretched, to a further lily leaf. A

A short way down the billabong the

bank opens out. Flocks of

black-and-white banded magpie geese

are busy feeding in the tall grasses.

The Jabiru, Australia's version of the

stork, struts past a couple of pelicans;

overhead a great white egret floats

down in a graceful curve. The absence

of any erban sound is deafening. Stop

the boat, and only the busy hum of

the outback, broken by the cries of

Driving home, you spot a pack of

cheeky wallabies watching from the

roadside, a goanna (which feeds on

crocodile eggs), and, standing sentinel,

the incredible frill-necked lizard, a

shrunken pre-historic monster if ever

there was one. Some 250 species of

birds, 50 of mammals, and 75 of rep-

tiles have been reported in and

around Kakadu, while new ones,

unknown elsewhere, are still being

No wonder most Australians are

unclear about how long man has been

or will be present on their wilder-

ness-continent. If few have ventured

beyond their eastern belt of cities, few

can be unaware of what seems to

them to be the great emptiness that

lies behind them as they face the sea

- "miles and miles of buggerall" as

they put it, inaccurately, in the bars

of Sydney. It is hardly surprising that

until, say, a decade or two ago older

Australians would refer to England

(or 'Ireland) as "home" while even

now, in some remote towns, the Brit-

ish High Commissioner is greeted with

a curtsey. Such absurdities may be

fading, but the fundamental comm-

drums of the landscape remain.

kookaburra langhs.

the birds, can be heard.

discovered.

Stick with the land. It remains the key to understanding Australia, particularly as its inhabitants contemplate their future during the bicentenary year. Anyway, the rest of us always need to be reminded of just where the continent is placed as well as how vast it is.

Darwin, for example, is nearer to Djakarta than it is to Melbourne, Sydnev or Brisbane. It is about as close to Sydney as it is to Singapore and Manila (It is up on these northern shores, between Darwin and Cairns, that the Queensland and Northern Territory Aerial Services company escorted the first flying doctor to a patient in 1928; the tiny airline later abbreviated its name to Qantas.) The neighbouring Asian cities, plus Bangkok, Hong Kong, Taipei, Seoul and Tokyo are the important places on the regional map. If geography alone were to determine matters, Australia would without quibble be an Asian conti-

The fact that it is largely populated by immigrants from immensely faraway Western Europe seems to change that perception when you are among them, but not when the size, and emptiness; of the land is recalled.

Darwin is the capital of the Northern Territory which has an area equivalent to France. West Germany, Italy and the United Kingdom combined. Yet the total population of the NT, 150,000 or so, is that of a moderate-sized industrial town in Europe. Western Australia, hard by, is about the size of India. It contains a mere. 1.5m people. When you fly across the continent it is not unlike flying across the Atlantic - or the Sahara. Australia as a whole is almost exactly the same size as the continental United States, but its population, most of which is to be found in suburbs strung down the eastern coast, is less than that of the state of Texas, and only a million or so more than that of the

The land fills the Australian imagination: the myth of the outback, a place which is rarely visited, features strongly in indigenous Australia literature, and in the landscapes of painters like Sydney Nolan and Fred Williams. It is all terribly misleading, with the consequence that even native. Australians suffer from periodic delusions of grandeur.

Netherlands.

This can have unfortunate effects on economic policy. People forget that some 70 per cent of the land is desert or near-desert, or that, elsewhere, there are severe and unpredictable · · - · - ·

Continued from page 1 clusive. The Antipodean part of the following analysis is therefore dependent upon recent estimates by Dr Charles A Price, an Australian National University demographer.) Australia is some 44 per cent English by ancestry; the US is 26 per cent. Australia is 17 per cent Irish: the US 21 per cent. Throw in the Scots

and the Welsh, and Australia is seen to be still three-quarters "Anglo-Celt": the US only just over half. America has its originally African blacks (11 per cent) and its Latins (just 7 per cent claimed, no doubt excluding illegals); Australia has very few inhabitants whose origins were in either Africa or Spain. Yet it is likely that the most important difference between the two melting-pots is that the US is as German as it is English. Precisely the same number of Americans, 26 per cent, claim some German ancestry as do an English forbear. Australia's Germans represent under 4 per cent of the continent's people. It is little wonder that the products of the melting-pots differ so

The major migration to Australia that began in 1788 came from the British Isles. For a long time the larger proportion of those new arrivals came from England. Australian historians still argue about the extent to which British policy in the late 18th century was driven by a desire to rid England (and Ireland) of convicted criminals. It matters little. For whether or not you accept that the search for a Pacific base, or the desire to find new sources of flax for the Royal Navy's ropes and tall pines for its masts were strong elements in London's calculations, the large-scale shipment of convicts to Australia is undeniable. Readers of The Fatal Shore, by Robert Hughes, should need

no further convincing. Of course convicts had been shipped to the American colony before they were sent to Australia, but a far larger proportion of America's influx was based on voluntary emigration. The new world was much nearer, and land over there was a fraction of the price demanded in Australia. The early Australians were obliged to go to "Botany Bay", either as prisoners or gaolers. It took a while for significant numbers of free settlers to follow them, and many of those were from the start given assisted passages. The

first really major expansion in self-fi-

nanced, voluntary arrivals did not take place until the gold rush of the 1850s doubled the population in a single decade.

The overwhelming British predominance in immigration lasted for more than a century-and-a-half. During that time the United States was taking in immigrants from all over Europe, and particularly from Germany. It also imported black Africans as slaves. The old "White Australia" (which really meant British Australia) policy is not long buried: it was part of the Australian Labor Party's platform until the mid-1960s.

Until then, by all accounts, Australia suffered from some of the worst characteristics of Little Englandism: a narrow, provincial outlook, a tendency to see the world through Anglocentric eyes, a belief that people who came from the other side of the English Channel (that is, 11,000 miles from Sydney) were inferior or unworthy.

The influential book, Australia, by Sir Keith Hancock (published in 1930) saw as one depressing result an Australia that had adopted the "middling standard" that Tocqueville had observed a century previously in America. Australians, with their direct way of speaking, would not expect an objective observer to say other than that many of the characteristics of Little Englandism still linger on, "middling standard" and all. Hancock perceived two Australian "peculiar complications" that made matters worse. In the US a strong local government flourished. In Australia there was no effective barrier between the isolated individual and the central (that is, state) power. With so little civic duty to do, "a great part of the spontaneous energy of the Australians is spent in the pursuit of pleasure," he wrote.

The second "peculiar complication" noted by Hancock was resentment of the better-off. Australia was settled in the age of the Rights of Man and of the Communist Manifesto. Individual enterprise did not always thrive. Today's New Right theorists point out that the policy of subsidising immigration continued the long tradition of relying on support from the Government, which began with getting food supplied "off the store" after the First

Fleet landed. Hancock comments: "This, then, is the prevailing ideology of Australian democracy - the

sentiment of justice, the claim of right, the conception of equality and the apppeal of Government as the instrument of self-realisation."

The Australians call it "fair dos". Another Australian tradition arises partly from the fact that men outnumbered women until 1916, although the rough life of the early convicts and, later, the squatters and diggers, contributed to it. This is "mateship", which means that you do not try to rise above your fellows but always support them. Australia's love of sport and life outdoors is an outcome of much the same phenomena.

This set of historic ethics has begun to change, partly because the population mix has been leavened. The biggest immigration in Australia's history took place after 1945; of 4.5m arrivals between the end of the Second World War and December 1986 only 41 per cent were from the British Isles. This was a revolution for British-Australians. Some had seen Chinese mineworkers before, but the large-scale arrival of communities from Italy (8.5 per cent). Greece (5.1 per cent), Yugoslavia (4.2 per cent) and similar countries, not to mention places like the Lebanon, Vietnam, and Sri Lanka, transformed the nature of antipodean society.

No place like Home

Little England, narrow, conservative, often avaricious and cruel, yet at times glorious, reigned in the antipodes for four-fifths of the past two centuries. During much of that period London was the capital of Australia, although its influence waned steadily, until it finally vanished.

It was London that decided to found the penal settlement which is now celebrating its bicentary, London that allowed New South Wales to become a colony in 1823 and London that subsequently promoted it, along with Victoria, South Australia and Tasmania (then van Diemen's Land), to the status of self-government in 1851.

Yet the seeds of change were also there from the start. As early as the 1810s and 1820s newcomers had noted that the first native-born

whites, then beginning to reach maturity, were tall, slender, fair, and very strong, if a trifle clumsy. These built-in Australian differences grew. and became more complex, as first the squatters and subsequently the diggers developed into new British subtribes speaking their own dialect of English. In 1861 just under half the population was dinkum Australian: born over there. Forty years later four-fifths of the Australian popula-

tion was native-born. A sense of independence was also fostered by wealth, which came from sheep and gold. By the time the newly self-governing colonies were ready to ask for federation, Australians were enjoying one of the highest per capita incomes in the world.

Their most profound political arguments took place between the Irish Catholic immigrants, who fought vigorously for parochial schools, and the various Protestants of English and Scottish origin. The Irish had been the worst-treated and most rebellious of convicts: they became the first angry proletariat of Australia, and, in due course, they came to control the trade unions. Their principal domestic enemy, which had been spawned by the very England that had been so unfair and brutal towards their forefathers, was what was termed the Protestant ascendancy.

The Protestants were themselves divided between free traders and protectionists, so in the end the Irish did a deal with the latter: protection in return for an entrenchment of trade union rights. When the Commonwealth of Australia was proclaimed at the turn of the century (Queen Victoria signed the bill in July 1900) the deal was sanctified. The new federal state would be based upon three home-grown articles of faith: White Australia, upon which all agreed; protectionism; and, for the Irish-led trade unions, compulsory arbitration in

trade disputes. Thus, at the very beginning, White Australia was a major force in bringing the six squabbling colonies together, for even then they feared Asia - the "Yellow Peril" - more than they sought to outwit one another. In consequence, Little England was entrenched for the first half of the 20th century, thus continuing to protect white Aussies from competition

in the labour market. The second article of faith, protectionism, ensured that Australian manufacturing and, later, service industries were to develop in the worst possible way. Everything was to be cost-plus, and, in consequence, often second rate. Australia is still paying the price. Their relative per capita income has sunk steadily in the OECD league tables, their overseas debt has shot up to one of the highest.

The third element, arbitration, confirmed the remarkable place of Australian trade unions in the body politic. The Commonwealth Arbitration and Conciliation Commission was established by the new federal parliament in 1904. The commissioners judges - have ever since been political appointees, able to ordain the wage rates and conditions of work for entire industries, down to the minutest detail. For most of the present century their work has been governed by a 1909 decision of Mr Justice Riggins, which was based on the premiss that if a man cannot maintain his enterprise without cutting down the wages which are proper to be paid by his employer... it would be better that he should abandon the enterprise". In spite of these made-in-Australia tenets of faith, London remained in some sort of charge until at least the early forties. As the engaging Australian historian Geoffrey Blainey comments in The Tyranny of Distance: "Australia was a self-governing country within the British Empire, but outsiders who judged Australia by her behaviour rather than by her constitutional status were entitled to think that she had no independence and was in fact a British colony."

You can savour the gung-ho British spirit at its best if you visit the Hall of Memory at the war memorial in Canberra. Fair, slim, tall, strong young heroes are etched in stained glass beneath mottoes like Candour, Comradeship, Ancestry, Loyalty, Coolness, Devotion, Patriotism, and Chivalry. Along the corridor the map of Gallipoli is spread out. The Aussies fought and died for London there, against the Turks, as they had previously done in China, and in the Boer War. A year and a half after Gallipoli, in September 1916, they lost 23,000 soldiers fighting for Britain and the Commonwealth at Pozieres. They died as volunteers for overseas service, following the success back home of a fierce, mainly Irish, anti-conscription

Alone in the world

The umblical snapped in 1942, when the Japanese bombed Darwin in the Northern Territory and Broome in Western Australia. It became plain that only America could come to Australia's assistance. Not even the revered Royal Navy could defend that great, helpless, continent, nor did Churchill have forces to spare. It was the US, under General Douglas MacArthur, that turned back the Japanese in

thur, that turned back the Japanese in New Guines and the Solomons.

During the subsequent decades a number of shocking truths began to become apparent. Britain was not the mightiest power on earth. The Europeans – Britain, France, and the Netherlands – were retreating from their empires in Asia, leaving potentially threatening newly-independent states behind. Two new major powers in Japan and the United States – had suddenly arisen in the Pacific. Unbelievably, they soon supplanted Britain as Australia's major trading partners.

When the Second World Wair ended Australians realised how vulnerable their tiny (them some 7m) population was. The "Yellow Peril" was once again the stuff of nightmares. The chosen solution was to increase their numbers by immigration, from Britain if possible but from other parts of

Europe if necessary. The largest assisted-passage scheme in Australian history followed, and continued for some 30 years.

. Most of the non-British quarter of Australia's present population was brought in during that time. The cosmopolitan nature of its large cities, and Sydney and Melbourne in particular, is one result. You can eat better then when the principal national dish was meat pie and a beer. Night life ends later than in the days when most places shut at six. One more significant result is that a fresh vitality has been injected into Australian life; another is that "Little England" is rap-

idly becoming a mere memory. For many years that memory was kept alive by Sir Robert Menzies, Prime Minister from 1949 to 1966. "He believed passionately," writes Professor Manning Clark in A Short History of Australia, "that the British had created the highest civilization and the greatest degree of liberty known to man". It is ironic that Menzies, a gifted statesman, enjoyed his long premiership partly as a result of the conservatism of the non-British immigrants his government brought in, and partly because of a deep split in the Irish Catholic part of the opposition Labor Party.

But White Australia's British dreamtime came to an end with a snap, when Gough Whitlam was elected Labor Prime Minister in 1972. For all his fiscal misfortunes, Whitiam was an important visionary. He campaigned, and governed, on the basis that Australia should stand on its own feet. It should pursue an independent foreign policy. It should be proud of its native achievers in the arts. The old "cultural cringe", born of a consciousness of the middling standard, was swept away. New Australian honours and decorations and a new national anthem appeared. The proud Australian that you meet in Sydney and Melbourne nowadays is a child of

the Whitlam era. Britain's entry into the European Community in 1973 was as much of a milestone along this road as had been Australia's participation in America's war in Vietnam. Today Australia is more metric than Britain. The former Church of England is now the Angli-can Church of Australia. It is widely believed that the declaration of a republic is inevitable, although not imminent. London has become an irrelevance. Australia, its face misleadingly painted in American colours, is alone.

The golden fleece

Australia therefore depends more than ever upon its ability to earn its own keep. Its difficulty is that it is not quite ready to do that.

The story starts with John Macarthur, an officer in the New South Wales corps who arrived in Sydney in 1791, quarrelled with a succession of governors, and was sent home to face

governors, and was sent home to face court martial in 1802. Following an enforced exile in England, he returned to New South Wales in 1807, having persuaded the British Government that fine wool could be grown out there. He was given 10,000 acres, and successfully introduced the merino to Australia.

By mid-century the golden fleece was earning enough to make the then tiny Australian population the richest in the world. As if that were not sufficient, gold was discovered in 1851, and beswily exploited for two further decades. In this way what was originally a dumping-site for convicts quickly became a source of great natural wealth. Wheat, cattle, and a variety of basic metals added to the growing pile of export earnings.

In the second half of the 19th central wealth was originally as dumping-site for the growing pile of export earnings.

Continued on page 3

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AUSTRALIA 3

Continued from page 2

tury Australia's income rose sharply, mainly as a result of wool sales, but also from beef and mining. Thus the land became the principal source of riches, although from the beginning the towns, and later the cities, attracted the bulk of the population: at the start of the present century just above half of its population was urbanized, compared with 40 per cent

The resource-based industries became increasingly capital-intensive. and increasingly efficient; labour collected in the towns where sheltered local manufacturing industries developed an intensively inward-looking series of micro-markets, in contrast to the global markets in which minersand pastoralists were obliged to operate. This remains the pattern today.

CB Schedyin at the University of Melbourne, an economic historian. sees the consequence of this as the most serious crisis in the economy since the early 1930s. "Plainly, economic instability continues as a major threat to our civilization," he said. The Schedvin thesis is that the world has changed since Australia could rely on a position of unique advantage as a supplier of food and raw materials. but that the necessary adjustments to the change have not been made.

in common with other economists and many businessmen he is at once appreciative of the efforts the present government is making to deregulate and (albeit slowly) remove protectionist barriers, and doubtful that their measures "are strong enough on their own to counter the forces of history". The worst thing that could happen, says Schedvin, is that another typical stroke of Australian luck, like the present gold boomlet, might once again destroy the case for fundamen-

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tal change. In a world in which the life of suppliers of basic materials is, to say the least, uncertain, most thinking Australians see the desirability of a strong rise in the export of manufactured goods; Schedvin, acknowledging the effect of the devaluation of the Australian dollar, suggests that "the price mechanism on its own will not be sufficient" to bring about the necessary changes. He wants more investment in science and technology.

Henry Ergas, an OECD economist living in Canberra, points out that Australia's post-war reconstruction plans were based on the belief that "small countries are big countries waiting to grow up". This "fallacy" (born of the continental delusion of grandeur) lay behind a series of post-1945 protectionist policies aimed at manufacturing self-sufficiency. If the markets were not there to provide economies of scale now, they eventually would be.

A paper he has written with Trevor Lee is a devastating critique of antipodean protectionism, albeit expressed in a careful OECD style. Australia's trade in manufactures is compared with that of "other small, high-income countries", like Canada, Finland, and the Netherlands. It comes out badly, particularly in "products where the scale of markets has an important influence on cost competitiveness". Ironically, the greatest single postwar blow against tariffs was struck by the much maligned Whitlam government in 1973. The present Labor

itself as far as possible from Mr. Whitlam's, has the best of free trade intentions, but is cautious in carrying

them out. Like others in Australian universities and boardrooms, Ergas expresses -doubt about whether even a further lowering of tariff barriers, scheduled to be completed in the 1990s, is a sufficient condition for Australian recovery. He too is concerned about investment in industrial and scientific research and development. But there are two other fundamental problems.

One is the heavy element of state control of or regulation over electricity, gas and water, communications and transport. They are notoriously inefficient, and an additional cause of high manufacturing costs.

The second basic concern is the state of Australian education. Of 19 OECD countries in a recent list, Australia ranked 16th, ahead of Spain, New Zealand and Portugal, in the scale of enrolment of youth aged 17 in school or apprenticeships. Even Britain just pipped Australia: it was 15th. (Don't ask who came first, but their capital city is not a million miles from Osaka.)

"Thus, while expenditure on education accounts for a relatively high share of Australian GDP, a large proportion of young Australians still leave school with no certified skills and little hope of acquiring any," says the Ergas-Lee paper, echoing the comment of practically every interview I had over there. It made one feel very much at home.

Their social democrats

This all adds up to a pretty daunting prospect for the little country now celebrating its bicentenary. The ground for hope is that they know the story, infinitely better than any outside reporter can. They also know what needs to be done. The question is whether sufficient structural changes are politically possible. Australia's present Labor Government is blessed with a number of extraordinarily intelligent ministers. Together with the Australian Congress of Trades Unions (ACTU), its leaders have captured the intellectual high ground just as if they were Britain's Tories.

The Treasurer, Paul Keating, manages to present a tough fiscal and monetary regime in the language of social partnership. Every Australian knows that he is a snappy dresser, a man who appreciates the arts (fine clocks are a hobby), a tough debater who can use the language of the streets when necessary - yet he remains the pillar of its Labor government, the cleverest politician around.

Bill Kelty, secretary of the ACTU, is also as smart as paint, and twice as charming. He is acutely aware of what happened to British trade unions, and indeed the British Labour governments, when their trade unions failed to adjust to reality. The Australian way has been to accept a steady reduction in real wages, plus a series of right wing policies (financial dere-Government, which seeks to distance | gulation, tight fiscal and monetary

control), in return for a strengthening | POLITICS in most democratic of the ACTU's political position.

This goes a long way to explain the atre about it, and Australia is Hawke government's present stance. I no exception. Many think it is When you hear Bill Kelty on subsidies to state industries you get the impres- | shallow, starring familiar figsion of Margaret Thatcher in drag | ures, with plenty of noisy argu-("why should my members pay taxes to subsidise air travel?"); the similarities end when it comes to the arbitration system, or expenditure on the social services.

In short. Australia has the social contract that Britain's Callaghan and Wilson governments dreamed of - with the difference that Down Under the unions are actually delivering their side of the bargain. This is fine for the ter. short term, but in the medium to long run it will surely help to perpetuate the high rate of social spending, and the detailed regulation of wages and nes. Six months ago it was a rarely lasting more than a week read too much about Mr Keat- the right, capturing the counconditions of work, that the Right in non-issue, but as the bicenten- and judged, if at all, on a "who ing into it: he is probably the try's middle political ground in Australia sees as constraints on the nial approached it became won, who lost" basis.

government's political and a naked display of pragmatism Australia sees as constraints on the emergence of an efficient economy unavoidable, hastened by the based on a growing manufacturing inexplicable phenomenon of tralians are healthily mistrust- on economic policy, and is cur- Labor left and the conservative

industry. The Hawke social democrats must pay attention to their own Left, which means a "soft" foreign policy and a pursuit of what neo-Powellite Cassandras like Geoffrey Blainey denounce as "multi-culturism". The latter has led to periodic fits of anguish over how many non-European immigrants to admit, and how to treat them when they arrive. The Anglo-Celtic majority is too overwhelming to be threatened by any such immigration in the present century, but Blainey and others look further ahead.

I asked every Australian I met including politicians, academics, businessmen, trade unionists and others the same question: what kind of country do you think Australia will be in, say, 50 years from now? The unani- celebrate the glory of the past mous answer was that it would be less | 200 years. Anglo-Celtic, with all save the followers of Blainey welcoming this. (Even the New Right economic theorists Australia become a republic, want more Asians in, to stimulate the economy.) The majority guess was that there would be an extremely powerful Asian ingredient in the Aus- is unavoidable as Australia erally, by Australia's federal- ferences to win a record three the power, and the local tralian melting-pot. My own impression was that Anglo-Celtic Australia is approaches the 21st century, too sunstruck to compete on its own.

The odds must therefore be that the principal manifestations of the British penal settlement of 200 years ago will questions has featured heavily sooner or later vanish beneath the in routine domestic affairs over foundations of a new, Eurasian nation. It could be successful, rich, and peaceful: the inscrutable land of too does the muted debate on

countries has an element of theof the soap opera variety: often ments but few blg issues, and easy to pick up again after an

100 since 1980.

have nothing to celebrate and have duly begun implementing plaint. promised a "compact" which Australian society.

eral minister responsible for ment and pressure groups like important point is that he which recur every three years Aboriginal affairs decided to boycott all official bicentennial functions. Another said Australians had to confront the shame of their past if they were to

The political question for the future is more prossic: should abandoning the British tie through the Queen? Though not the hot issue it has been, it too enters its second 200 years and for it is intimately bound up with Australians' sense of

national identity. The fact that neither of these recent years says something about Australian politics. So POLITICS

Unavoidable issues

The most difficult legacy to ally being managed in voters' spiv.

grapple with is the ignominious best interests, political issues in leafung the indigenous Aborigi
Australia are of the moment, reading, it would be unwise to moved the Labor party well to

fascinated by them. Of all pub- Prime Minister. Radicals among Australia's lic figures, it is the politicians 225,000 Aborigines say they who provide them with their daily fare of gossip and com-

plans for vocal protests. The The media are crucial to the recognised for the first time among the most competitive in that Aborigines were the previ- the Western world, Australia's ous owners of the land and has Press forms one of the most powerful institutions grouped better recognises their place in around Australian government - the others being the bureau-As the year opened, the fed- cracy, the trade union move- as good as he gets, but the more den of too many elections, businessmen, farmers and envi- received his education in the nationally and every three or ronmentalists.

although its public standing is a is to be found. British import, the House of factionalism which pervades year. Representatives' position is the Labor party, it serves to According to one jaundiced complicated by a Senate which underscore the fact that, under view of the country's politics, is more powerful than the Mr Hawke, the party has suc- Australia has contrived to give House of Lords and, more gen- cessfully submerged these dif- Canberra the money, the states ism which replicates the system elections in a row. in the various states.

Mr John Howard, leader of Kennedy in the US.

absence.

The country's 200th anniversary should provide an opportunity for its 16m people, however, both to look back reflectively at the past and think more seriously about the future. Whether that opportunity is grasped is another matter.

Government, corruption, immilist of the insults hurled by Mr Paul Keating, the Treasurer in the present Labor government. The present Labor government the present Labor government. The b3-item catalogue included ship, which some have attacked politics has more to do with personalities, style and the raw exercise of power than with mugs, criminals, dullards, personalities, style and the raw exercise of power than with the singular question of stupid foul-mouthed grub, alley like the unions. whether the economy is gener- cat, scumbag, thug and gutless Guided by a powerful core

Aboriginal deaths in custody, ful of their politicians. Yet rently regarded as the heir opposition without apparently which have reached more than there is no doubt that they are apparent to Mr Bob Hawke as losing traditional support in

> Because of its raucousknown more for the depths it plumbs than the heights it scales.

country's toughest political four years at state level. The The principal public focus of school - the right wing of the spathy which this tends to political conflict outside elec- New South Wales Labor party - breed is limited through comtion time remains the federal and it is there that the power pulsory voting, but a constituparliament in Canberra, base of the present government tional change extending the matter of opinion. Though a While this also highlights the be put before Australians this

To the country's credit, fed- trast with Mr Gough Whitlam, the country is over-governed. eral parliamentary proceedings whose sacking as Labor Prime But here, as elsewhere, vested are broadcast live on radio. Minister in 1976 by the Gover- interests abound. People there-Because of its raucousness, the nor General is still regarded as fore think little can be done verbal jousting parliament is the most significant domestic about it. By definition, change known more for the depths it political event in Australia's comes slowly in a conservative. plumbs than the heights it modern history - on a par with country. the assassination of President lother key questions like big the opposition, once produced a How Mr Hawke has secured

The opposition, a coalition between the Liberal and National (formerly Country) ness, the parliament is parties, has helped Mr Hawke considerably by nurturing its own internal divisions, exactly paralleling those experienced by Labor in the 1950s and 1960s when Sir Robert Menzies

dominated national politics. The pendulum can always Obviously Mr Keating gives shift. Australia suffers the burfederal term to four years is to

authorities the problems. What-That makes a powerful con- ever the case, Australians agree

Chris Sherwell

Crocodile's tale of gold forgone

The environmental debate is not .. easily settled when it comes to mining. An example of what can happen is to be found in Kakadu, where Pan Continental has the use of an enclave, a treaty with the local Aborigines, environmental clearance - and a total ban on its proposed uranium mining

operations. The enclave is at Jabiluka. about 25 miles north of Yellow Water. It is serviced by Jaja mining camp, a collection of comfortably-equipped prefabricated bungalows, with its own billabong. It is the one that millions of people saw in the film Crocodile Dundee. That film, which was about a spoof man of the outback acting out a wildly funny fantesy in Kakadu, is believed by Australians to have done more to put their country on the map than anything since they won the America's Cup in 1983. (We were advised not to walk down to the billabong, because it is restricted Aboriginal land - and, anyway, it is home to some 50 very large crocodiles. The advice was accepted).

The visit of Paul Hogan, his supporting stars, extras, directors, stuntmen and women plus camera crew is the most significant thing . that has yet happened in Jaja except, perhaps, their second visit, last summer, to make Crocodile Dundee II. Yet Jaja is sitting on some of the richest uranium ore in the world, A\$20bn-worth at end-1987 prices, not to mention around A\$200m-worth of gold. Pan Continental cannot mine the gold because it is not permitted by Mr Hawke's government to mine

the pranium. Apparently there is no way ground this. In another nearby enclave, at the Ranger mine, the leaseholder is cheerfully shippingout the yellow ore (and no doubt setting aside the sums required to restore the landscape when the mine is worked out). But the present Australian government is apparently bound by an Austra-Han Labor Party decision to keep the number of operating uranium mines down to three. This is clearly a victory for the environmental lobby, which produces both moral and safety (Chernobyl)

arguments against such mines. In one of the bungalows at Jaja a sculpted display shows how most of the stones removed to make way for the mine tunnels will be replaced as fill. A great lake is created by the extraction process, and then refilled and the original topsoil replaced. The last picture in the book produced for the local tribe shows the site exactly as it would be before the mining started. No dice.

Of course the mining companies of Australia are not really held back by the greenies. Pan Continental has other sites, notably the Paddington gold mine near Kalgoorlie in Western Australia, and interests in coal in Queensland and oil in Canada. The odds are that it will take out the Jabiluka uranium one day. The legislation providing for agreed exploration and mining in aboriginal lands was eased last year, in favour of mining. The Northern Territory alone is likely to produce just over A\$1bn from its uranium, manganese, bauxite, gold, and other mines - not much compared to next-door Western Australia, with its freewheeling Perth-based miners, but a significant contribution for a territory with a population of about 150,000.

Yet the white-conservative majority of that population feels held back by the edicts from Canberra. It wants the territory, which is self-governing, to be given the status of an Australian state (it would be the seventh). .The likely outcome can be judged by the passionate words of Mr Michael Gamble, the executive officer of the territory's chamber of mines. He would bring the land transferred to Aborigine ownership back under state control. It is unlikely that their Land Councils would last very long. He would permit mining and exploration on their land and in the national parks - and bring in skilled mining engineers from South Africa to get on with the job.

In a territorial government "options paper" on statehood it is made clear that much of the above is the preferred policy. Compensation to the Aborigines would be paid by Canberra. Since the advent of statehood would probably produce 12 new backwoodsminded Senators in the Australian Parliament the proposal is a nonstarter, at least while the Labor party is in power. But the stark contrast between those who would exploit the land and those who would protect it, with the federal government striking a cannily commercial balance, is all too clear in Darwin.

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China • Papua New Guinea (Bank of South Pacific) • United States of America.

AS IN defence, so in its foreign policy. Australia is adapting to maet a changing world. The gradual shift from dependence on Britain and the US. which has been the principal feature of the last 40 years in the country's defence posture. has been reflected in changing foreign policy priorities.

With its immediate neighbours no longer colonies and thus potentially more volatile. Australia is above all concerned to ensure stability, and its own pre-eminent political and military position, in the region. Second, is the growing importance of fostering economic and

trading relationships estab-

lished over the last 20 years above all, but also China. In the wider world, trade issues are also vital, as the seems to maintain a relatively Treaty, dubbed Spinfiz. "It recent amaigsmation of the relaxed though watchful atti-Department of Trade with the tude towards potential disturb-Foreign Affairs ministry in ers of the peace. In Hairis, who Canberra underlines. It is the recently accompanied his Minisnew ministry which directs the ter. Mr Bill Hayden, to Mescow country's drive in GATT and is impressed by the attachagainst the farm subsidies ment to glashest of at least the

Australia is treading something its people to be part of the ment with Vanuatu. western alliance and at the independence on the world

Within its own region, Aus- Pariste states. Libya's motive, Eritain have also refused. tralia has no natural allies, according to hir Hayden, was to with the exception of New Zealand. As Dr Stuart Harris, Secrething, Canberra officials seem from simple, is a central theme tary at the Foreign Affairs min- more concerned by their inabit- of foreign policy. Gone are the istiv notes wryly, this ity to persuade Paris to see eye days when the country played a

The foreign affairs tightrope: to be both part of the western alliance and independent on the world stage

Residual stability heads new priorities

physically much closer to Sentiment against France's northern Australia than that refusal to grant independence post of Australia is to Can- to New Caledonia, itself linked beira, have never been easy, to the continuation of French while the importance of stabil- nucleat testing on the Mururoa ity in neighbouring Papua New Atoll, continues to run high Guinez, until recently administ throughout the Pacific. Cantered by Australia, remains berra believes this is itself a critical, especially with increas- potential cause of instability with north-east Asia - Japan, ing Australian investment. Australia is one of the signa-Fuither affold. Conberra Pacific Nuclear Free Zone

imposed by the European Com- senior foreign affairs buseaucracy there, says he has been These trade issues have in interested to note not how more transmission and the second turn helped make relations much the Soviet Union has with Europe and with the US "meddled" in the Pacific, but "meddled" in the Pacific, but important to the region," says less straightforward. Aiready how little. Formally, despite one official. The treaty enjoins earlier fears, there is little more signatories in broad terms not of a lightrope between the evi- than a "sarupulousiy to make, store or test nuclear dent and continuing desire of coserved") Soviet fishing agree- weapons there and invites the same time to exercise greater of concern about allegedly Lib- SPNYZ, France has not, but

Pacific than they are with more. Britain's acquisition of an inde- a close alliance, and despite the

Relations with Indonesia, obvious potential adversaries.

totles of SPNFZ - the South looks like crankiness, but it's

Australia dees not produce nuclear weapons or provide facilities for others

nuclear powers to respect its Last year there was a flurry terms. The USSR has signed yan-financed low-level opposi- Canberra (somewhat naively) Australia's attitude to

pendent nuclear force. Today, Australia does not produce nuclear weapons, nor deploy nor provide facilities for others to deploy or test them. Neither does it, on principle, use nuclear power for electricity generation or to drive ships or submarines.

Atmarines.

Yet the country has large to the country of the country. reserves of uranium and mines it, in officially limited quantity. The uranium is sold to France, among others.

As controversial in some quarters has been the Labor Government's maintenance of the three major US military facilities at Nurrungar, Pine Gap and North West Cape. The latter is a naval communications station, while the former are both ground satellite sta-

Canberra clearly no longer

believes that the presence of the US stations will ensure that America comes to the country's publicly opposes Star Wars aid in extremis. Indeed, the bases have become controver- fact that Nurrungar, in particusial because of fears that they lar, clearly has a key role in in nuclear war, as well as fighting strategy, and in the because they are seen to development of the Strategic tion activities in a number of seems preved that the US and detract from the country's sov- Defence Initiative, or Star Labor Government claims to Hawke publicly opposes. In mit-"tweak France's tail". If any nuclear matters, though far have negotiated more say over, igation, Mr Hawke emphasises and participation in their use the importance of Pine Gap in than was enjoyed previously.) But the bases will remain, complicates the exercise of to eye with Australia in the direct and pivotal role in evidence of what is, ultimately,



Prime Minister Bob Hawke:

will ensure Australia is a target formulating US nuclear war ereignty. (For this reason, the Wars, which Prime Minister verifying Salt il, and any future strategic arms agreements.

government's refusal to allow Minister Bob Hawke teld the subsidies. nuclear armed or nuclear pow- Gatt in November. "We are also and's ports.

between their Foreign and threat to the alliance itseif. and the US announced they role in assembling some 14 the major entranced that the "became feasible".

New Zealand and Australia town of that name, submitted remain close, although, privately, Australian officials are critical of the way their counterparts in Wellington handled the whole issue, believing that the rupture might have been prevented. They are particularly worried about the relationship as the two countries move towards closer economic

On the world stage - apart from an anti-apartheid policy which has remained remarkably consistent between conservative and Labor governments - Canberra's chief preoccupation is with matters of trade. Australia is firmly in the forefront of those countries calling! the Labor Government has farm trade.

would welcome New Zealand ducers to fight the cause within The fact is the same back into the fold when that Gatt. The Cairns group, so Mr Hawke told the Gatt meet. called after its formative meet ing, in typically robust inn-Publicly, relations between ing held in the Queensland guage

work for the eventual commotion of all tarm sursions and "Efficient agricultural pro- access burners a medican-term has also survived New Zeal- ducers - including Australia - reference to the which and's traumatic withdrawal are fed up with being caught in the man and a caught in from the 35-year-old tripartite a cross fire of competitive sub- would be placed out item.

Anzus Pact two years ago, fol- sidisation by the US and the measures for immediate results lowing the newly-elected Lange European Community. Prime including a freeze on what he government's refusal to allow The Group hopes that the ered warships to use New Zeal- fed up with being denied access reform programme will be to legitimate markets." It was a agreed by the end of light and Last June, following a meeting clear warning of a potential implemented wathin it years The Culma group faller to defence ministers. Australia Australia has taken a leading comfort inch the assurance of

gra detailed a in in General cate test be at 11 thing becomes the

Property of the property of the sections

the first from price and the first control of the f

to establish a bond-to-an france.

Bridget Bloom

Defence Self-reliance now the key

THE WAR memorial in Can- sor's task, in other words, will berra, visited by more than a be made "dauntingly difficult". million Australians a year, commemorates 122,000 of the country's dead. They fell in wars within Gatt for a negotiated and operations as remote from The delicate balance which end to the "subsidy war" in Australia itself - and any threat to its integrity as a nation - as it seems possible to

> The Sudan, in 1885; the Boer War, at the turn of the century: Gallipoli in 1915; and then later. Flanders. Barely 20 years later, there was Tobruk, and the European mainland. The later wars were nearer home, but still remote: Korea in the early 1950s, and then Vietnam.

The common thread is not one that, today, most Australians are as proud of as they used to be. For 180 years Australia. relied on others to assure its defence. Its forces fought with allied forces - first Eritain's, then those of the US - in distant fields in the hope that, were Australia itself ever to be threatened, the allied forces would come to its aid.

Today, confirming the changes that began when a former Labor government pulled Australia out of Vietnam 15 years ago, the policy has been officially changed. Following a review of defence strategy in 1986 conducted by Dr Paul Dibb, a defence consultant, the new policy of self-reliance, centering on the defence of the Australian continent by Australian forces, was adopted last year in a seminal Defence White Paper.

The central problem for Australia's defence planners has always been that the country faces no obvious threat. It is the only continent in the world which is also a single country, with no land borders with any other state. It is also by far the strongest country militarily in its immediate region. It is widely accepted that only the Soviet Union and the US could conquer Australia, and just as widely acknowledged that neither has the remotest intention

of doing so. It was hardly surprising that Australia depended on Britain, the mother country, for such defence as it needed during the letence as it needed during the 19th century, but the habit died hard. Britian continued as protector after Federation in 1901, even though the country was building up its own forces. When the balance of power began to shift with Britain's failure to prevent the fall of Singapore in 1942, the US gradually assumed the protector mantle.

The involvement of Australian troops in distant battles was rationalised as "forward defence": in the 1950s, the threat was widely perceived as coming from the north, as communist or communist backed. These perceptions changed only gradually, with Vietnam itself undermining faith in the completeness of American protection, and the US, in the post-Vietnam era, pressing its allies in south-east Asia to do more in their own defence.

The changes now introduced were foreshadowed as long ago as 1976, in the White Paper of that year - but it is last year's White Paper which marks officially the quite radical shift from the past, involving changes in procurement, in the structure and organisation of Australia's forces and in its logistics and planning proce-

The new policy in no sense abandons the alliance with the US, although it is worth noting that the main changes between the Dibb review and the White Paper based on it are in the additional emphasis given to Australia's role within the western alliance and, within that, as the pre-eminent power in the region. Suggestions that the new policy could lead to "Fortress Australia" provoked strident criticism in both Congress and administration in Washington, and a hasty denial Washington, and a hasty denial of such intentions from Can-

Nonetheless, the new strategy is fundamentally defensive. tralian continent will be housing, education and allowachieved so that any aggressor, ances.

in the words of Mr Kim Bea
zley, the defence minister, will tackled fast, the personnel be met by successive layers of problem could prove the Achil. forces capable of detecting, les hidentifying and engaging any icy. hostile approach". An aggres-

The layers in this defence are to consist of improved intentgence, new wide area surveitlance (including the Australian developed over-the-horizon radar, called Jindales and now being experimentally depoyed in the north), long sange carebilities for maritime surveyllance and terget coquisition. and capable, flex.ble strike

This is aiready leading to a major re-equipment pragramme, to be implemented at a cost of A\$25bn ever 10-le years. Eventually, 75 FA-13 frencers will be deployed, replacing Australia's ageing Mirages, and made more flexible by air-to-air

Any thoughts of Australia maintaining a "blue water" Navy, with its panophy of the craft carriers and destroyers. has been abandened. le strengthen defences around the coastline, and particularly to defend the sea gap to the north eight new patrol frigates are to be built in Australia, while so: new Swedish designed submarines were ordered last year.

The central problem is that the country faces no obvious threat

As belits an army expected to fight largely at home, the force is to be made more mobile, and less mechanised. The additional and important reason for this is that as well as the possibility of outright invasion, the White Paper posits a threat of low-level attack and subver-

But the implications of the policy go beyond equipment. For the first time, for example, the three services will be structured for independent, joint operations, rather than for integration within allied forces. This also means the need for improved logistics and support and a degree of independent planning not known before.

It means, too, the relocation of forces, both from outside Australia and within it. When the final Mirage aircraft are withdrawn from the Butter worth base in Malaysia later this year, for the first time in more than 30 years Australia will have no combat troops sta-

tioned in south-east Asia. As Andrew Mack, Director of the Peace Research Institute at the Australian National University has pointed out, although the new White Paper makes much of the country's important continuing contribution to the defence of the region, self reliance has meant both 'a physical shift of resources back to Australia" and a decrease in the resources Australia puts into the region. Mr Mack notes that Australian Defence Co-operation programme funding to ASEAN nations in 1986-7 has declined to A\$55m, or about two-thirds of 1 per cent of the 1987-88 defence budget at

Relocation of forces within Australia could be even more controversial. The new strategy posits that if there ever is 2 threat of invasion, it will be from the north - that is where the Jindalee early warning radar will be based and that is where it is intended to base many of the FA-18s, as well as army detachments.

The problem is that re-location away from the south and east is unpopular with officers and men alike who, for a wide variety of reasons are already leaving the forces in alarming numbers. According to published figures, the 70,000. strong Australian armed forces have been losing nearly 10,000 men each year since the late 1970s, with an appreciable rise in the last two or three years to 13,000 last year. An acceptable rate of "separation" is said to be 4,000-5,000. Defence Minister Mr Beazley has appointed a junior minister for personnel and promises a redress of grievances, which range from a three year wage freeze (since "Defence in depth" of the Aus- ended) to complaints about

les Heel of the new defence pol-

Bridget Bloom



View of Sydney 1812

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Australia's leading bank. Being a federation presents frustrations as well as advantages

Hard times have helped forge unity

countries about which it is all though history could have been Wales, Victoria, South Austratoo easy to generalise. The fact otherwise, that the creation of lia, Queensland, Western Austhat it is a federation is one them was the country's biggest tralia and Tasmania – not to good reason to resist the temp- mistake. But they admit just as mention the Northern Territation. Federations usually readily that the situation is tory, which is self-governing

acknowledge the frustrations take. caused by the existence of the

INDIAN OCEAN

WESTERN AUSTRALIA

AUSTRALIA is one of those states. Some even say, as differences between New South reflect differences, and the impossible to change – and add,
Australian states display only half jokingly, that the
plenty.

more avoidable creation of Can-Most Australians freely berra was quite as much a mis-

NORTHERN

Alice

SOUTH AUSTRALIA

Mount Isa

QUEENSLAND

Broken Hill

NEW SOUTH WALES

Rockhampion

Brisbane

Toowoomba

TERRITORY

and would like to become the country's seventh state. But there is an apocryphal story about the state capitals

(where most Australians live

In isolated Perth, so the story goes, he is asked where he is from. In Adelaide, the "city of churches, locals inquire which church he belongs to. In establishment Melbourne, they want to know which school he went to. In brassy Sydney, the ques-tion is how much he earns. In free-wheeling Brisbane, he is asked what he would like to drink. In distant Darwin (and

is asked by locals.

he's headed.

There are other distinguish ng features about each state, tend to focus on. And their preferences are invariably

paralleling Perth), it is where

As a nation, Australia formally came into being when the federation (or Commonwealth, as it is known) was created in 1901. But precisely because of the country's diverse background, it was a federation which acknowledged a tradition of independence among the.

As a result, some say Austraia will not achieve full status as a nation until this rather divisive independence is overcome - and, they add pointedly (if less relevantly), until the country becomes a republic.

In fact, things have improved as the twentieth century has passed. No longer are there the different railway gauges between the states, or the customs barriers. War and recession have forged a degree of national unity. And the centralisation of modern government, driven by the needs of economic management, has altered the balance of power between Canberra and the state capitals: But for all this, Australia is very much a federation. Its fed-

but its importance is indisput-Take taxation. It is the federal government which raises income tax and customs and excise duties. It also limits the amounts the states can borrow. But the federal government has to disburse a large proportion of its revenues to the states, because they remain responsible for important mat-

eralism is not much discussed,

ters like education, health, police, transport, community services and urban development. The states can also raise smaller amounts of extra revenue through stamp duties, property taxes, royalties and freight charges. In the present austere eco-

nomic climate, the federal govcontrolling its own finances than those of the states. In fact a case could be made for the states to raise income taxes themselves in order to make them responsible for collecting as well as spending the pro-

State governments and politistory is of a visitor who travels cians are united only in their to each of these cities, and of the first revealing question he intense dislike for Canberra But if they work hard against Canberra, they compete even harder against each other, to protect and preserve their interests and especially to

> State officials will explain it detailed terms the respects in which their own state is better than another. The invariably prejudiced accounts will exaggerate virtues and highlight a competing state's disadvantages, mostly regardless of which party is in power.

The biggest rivalry is between Sydney and Meibourne. But Adelaide and Perth it is the "feel" of the different, resent both places while complaces which most Australians peting with each other, and Brisbane's distaste is simply for "the south" (even though it is itself in the south, especially when compared to Darwin).

This competition reveals much about the country. Some would argue that little in Australia is understandable unless it is appreciated how state differences permeate most institutions - political parties, trade unions, interest groups, busi-

The politics of the Labor party, for example, is impossible to decipher without appreciating the current dominance of its New South Wales right wing at the expense of the vocal Left in Victoria.

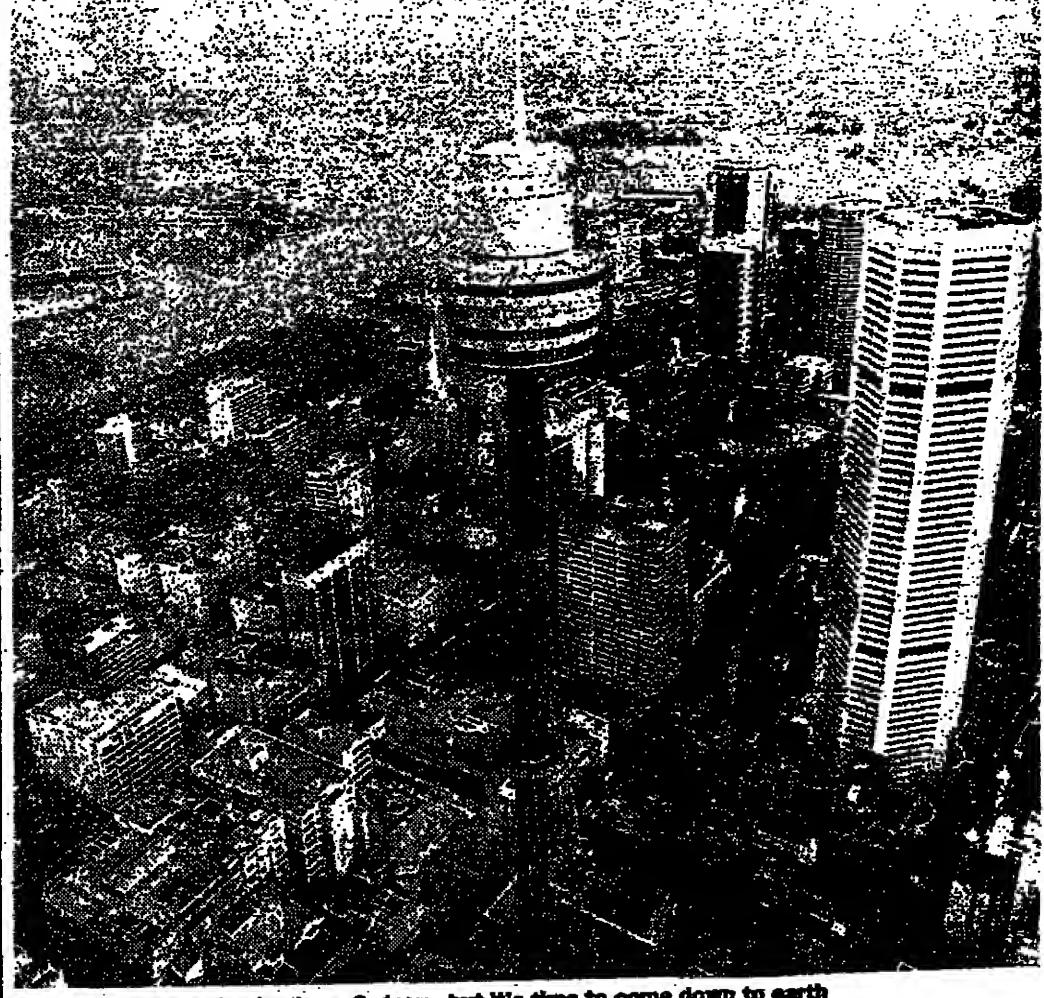
Similarly, the Labor party federal government in Canberra treats its state government counterparts in Sydney, Melbourne or Perth quite differently from the Liberal party government in Hobart or the Vational party government in Brisbane - currently the only two non-Labor state governments in the country.

Within states, too, political rivalry is intense. In 1988 all eyes will be on New South Wales to see whether Labor can hold on to power in state elections. New premiers in Queensland and Western Australia will also come under close scrutiny as their own elections loom

Whether Australia's federation means it is overgoverned is a matter of opinion. All state governments except Queensland have two chambers. Add in the two federal houses and the country has more than 800 federal and state politicians. Hundreds of thousands of civil servants work in government departments and state agencies.

Given the country's size and disparities and the difficulties radio chat show and warned of pushing change through, per- | that the country would become haps things could not be other wise. The real question is how much it really matters. Most Australians think there are more important priorities for reform than government itself.

Chris Sherwell



Business buildings tower above Sydney - but It's time to come down to earth

THE ECONOMY

Record debt requires a spell of austerity

AUSTRALIANS will be celebrating today's anniversary with their customary vigour. % of GDP But the event does not find their country in the best of economic health.

Indeed, it is somewhat ironical that Australia should be reaching its bicentennial burdened with the greatest external debt in its history, and facing the prospect of some years. of austerity to work it off. Most Australians only became aware of this problem 18

months ago when Mr Paul Keating, the Treasurer, went on a "a banana republic" unless it put its house in order. But even though he used this popular medium, Australians still find it difficult to accept that times are hard. Too often in the past "the lucky country" with its

export earnings are being con- Real wages have declined by 7 health. sumed by interest payments on per cent since 1983. Although But critics say otherwise, foreign debt (64 per cent on overall labour costs show a arguing that Mr Keating is pull-interest and principal repayments more moderate fall, the trend is ing his punches. Sen John ments). Even Canberra does not striking and reflects the Stone, the Opposition spokes-expect stabilisation of the debt enlightened attitude of Austra-man on the economy, says: "We

trouble raising money. Foreign may well rise this year.

bankers are only too thankful Alongside these macro polities tage to the trade union bosses."

standing in today's uncertain is being implemented to intromarkets. But the debt is the duce more flexibility into the vulnerable to external forces price Australia is having to pay economy. These focus on furbeyond its control, its heavy for lax fiscal policies under the ther tax reform, deregulation of the transport and telecommunications, the abolition of restrictions, the abolition of restrictions, the abolition of restrictions of the transport and telecommunications, the abolition of restrictions, the abolition of restrictions of the transport and telecommunications, the abolition of restrictions of the transport and telecommunications, the abolition of restrictions of the transport and telecommunications, the abolition of restrictions of the transport and telecommunications of the transport and telecommunications, the abolition of restrictions of the transport and telecommunications of the transport and telecommunications of the transport and telecommunications of the transport and telecommunications, the abolition of restrictions of trade surplus.

To that extent the Govern-

To that extent the Government shoulders part of the blame. But when the terms of trade worsened sharply in 1985, because of weakening commodity prices, and the Australian dollar slid on the tralian dollar slid on the exchanges, Canberra was the Government's will and ability to force the charges.

Net external debt

Year end June 30

boundless riches and high liv- work is being partly undone by dollar in the latter part of 1987, ing standards has been bailed the large deficits still being run. The fall came after inward capout by some windfall, like soar- by the individual states, so the ital flows had given the curing gold prices or a commodity total public sector borrowing rency a year of unexpected requirement is not coming down strength. But there may be no easy as fast as it should. But Mr . In the Government's view, the way out this time. The foreign Keating will keep the pressure only real complaint that can be debt has more than trebled in on all round - he has already levelled against it concerns the

Source: County NatWest

81 82 83

to curb domestic demand and haster the economic restructuring which will turn round the trade balance through higher exports and import replacement. But progress is slow: the all-important current account deficit on the balance of payments will only fall below the high level of 5 per cent of GDP in the current year.

Because of the tardiness of the Covernment's response and the currency's sharp fall, much of the burden initially had to be. ally have been a blessing in disborne by monetary policy in the form an unusually high interest back from an annual 45 per cent. That imbalance has since been redressed.

Mr Keating's federal budget for fiscal year 1987-88 ending in June foreshadowed a balance encourage increased levels of (or more precisely a tiny deficit) for the first time. This has conting in June foreshadowed a balance encourage increased levels of conting for the first time. This has conting in June foreshadowed a balance encourage increased levels of conting for the first time. This has conting increased levels of conting for the first time. This has conting for the first time the efficited of the first time. This has conting for the first time the first time the creating for the first time. This has a competitive mich the did wantage and can exploit inche all wantage and can exploit when the out of the first time the suffering is not facturing industry has to confirm the fact that many facturing industry has to confirm the fact that many facturing industry

Unfortunately, his virtuous fall in the external value of the

the past five years. In gross promised another mini-budget pace of adjustment rather than terms it amounted in mid-1987 in May. the direction, which it claims to A\$110bn, and in net terms. The Government has also everyone agrees on. Officials A\$83bn. The net figure is used wage policy as part of its use the analogy of a fat man equivalent to 31 per cent of armoury, drawing on its close going on a diet; he must achieve gross domestic product, and ties with the union movement a sustained change in his eating means that 20 per cent of to force through pay restraint habits, but without ruining his

for three or four years - and lia's present union leadership can no longer afford to have a then only at around 40 per cent towards the country's prob- major cost - labour - deterof GDP.

lens. In exchange the Governmined by a totally anachronis—
Though Moody's downgraded ment has preserved jobs — tic mechanism. Investment in
Australia's credit rating last unemployment has fallen to the this country is dead until
year, the country has had little 8 per cent level, though this employers feel that by putting

forced to act.

Ity to force the changes the development of high technology and skill-intensive manabout much; the Government is ufacturing activities, in which to curb domestic demand and effectively lowering the high Australia has a competitive hasten the economic restructur- living standards. Australians advantage and can exploit

FINANCIAL TIMES SURVEYS

Listed below is a selection of Financial Times surveys planned for 1988. Please note the publication dates are subject to change at the discretion of the Editor.

FT First 100 years-Monday 15 February Financial Futures & Options - Thursday 10 March Tokyo Capital Markets - Monday 14 March World Banking - Tuesday 5 May Korea - Wednesday 11 May International Capital Markets - Monday 23 May Foreign Exchange - Monday 6 June World Shipping & Ports - Tuesday 7 June US Finance & Investment - Monday 20 June Hong Kong - Monday 20 June Indonesia - Monday 27 June Corporate Finance - Monday 4 July Japan - Monday 11 July International Bourses - Wednesday 13 July

New Zealand - Wednesday 27 July Malaysia - DTBA July

UK Banking - Monday 26 September India - Monday 3 October

Conference & Incentive Travel - Tuesday 4 October Taiwan - Monday 10 October

Hong Kong as a Financial Centre - Wednesday 26 October Singapore - Monday 7 November

Business Travel - Monday 21 November

Thailand - Monday 5 December Japanese Industry - Wednesday 7 December China - Monday 12 December

For more information on these surveys, please contact:

SIMON TIMMIS

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> FINANCIALTIMES EUROPE'S BUSINESS NEWSPAPER

AUSTRALIA 7



Industry

Adjustments follow shock

NOT MANY people appreciate it yet, but important changes are afoot in Australian industry. By the standards of Asia's newly-industrialising countries the changes are slow, and far from radical. But the ways of old are being shaken off, and new vistas are opening up.

That such a shift is needed is indiaputable. Though Australia is a large country, it has a small economy. Down the years its leaders were content to foster intense that the government only managed to reduce the top rate of 134 per cent to 60 per cent, and even that will take seven years, starting next year.

These plans aside, most of the industry has so far focused on macro-economic policy. The floating of the Australian dollar in 1983 already looks more important than the tariff cut a decade earlier.

Although the government only managed to reduce the top rate of 134 per cent to 60 per cent, and even that will take seven years, starting next year.

These plans aside, most of the industry has so far focused on macro-economic policy. The floating of the Australian dollar important than the tariff cut a decade earlier.

Although the courtenery's fall

leaders were content to foster an industrial sector geared almost exclusively to domestic consumption and highly pro-

By the 1970s, the idea had advantages were in agriculture and mining which earned. export income, and a high

despite its abundant coal, iron tion, but it also raised the cor-ore and energy resources, did porate tax from 46 per cent to not seem odd. Neither did the 49 per cent and introduced a fact that its consumers were fringe benefits tax. Now a cut paying near-extortionate in corporate tax is expected, amounts for their clothing, but only in a neutral package footwear and their motor cars. which tightens depreciation

Industry remains bedevilled by low management

·- ·

more people than agriculture reduce and simplify the mass of and mining combined. regulations which hamper busiand mining combined.

now under way. Intriguingly, it on shipping – in particular is happening under a Labor cargo handling and freight government, but in 1973, too, it rates – and in rail transport, was a Labor government which especially grain handling and cent across the board tariff cut.

strength and that manufacturity, gas and water. Work is ing (and services) have a vital meanwhile proceeding on major role to play in remedying Aus-education reforms which will tralia's economic problems, pro-encourage the development of vided they are competitive.

additional or even prime illed by woefully low invest-

industry, will reduce five man- mean biotechnology, informamodels - always something of nesses and new materials. an absurdity - to three produc- No one goes so far as to say ing six. At the same time, the Australia's industries should components manufacturers are seek to replace its commodity

exporters. Also being reduced are the disappear. The buzz phrase is high levels of protection for "niche markets". Australia particular sectors which have must exploit specialised opporhitherto been shielded. Protec- tunities which will provide the tion is part of the Australian country with an economic cushindustrial culture, so the pace ion. For this, it needs the will to of change is painfully slow. see the current changes in one of the most notorious through. sectors - textiles, clothing and

footwear - the politics grew so

ular point last month, you would not have been able to catch a commuter train in Melbourne or a harbour ferry in Sydney. Nor would you have heard the news from the Australian Broadcasting Corpora-The reason: industrial action.

At other points in the year you would have witnessed a strike by Victorian nurses, watched construction sites halt because of a plumbers' dispute and Joined panic buyers in Sydney's supermarkets because of action by the Storemen and Packers union.

You would also have seen the imposition (and withdrawal) of bled South Pacific island state of Fiji because of a coup there, and watched a week-long coalminers strike hit Australia's biggest-earning export.

brothers - manage to project an unappealing image. They seem obstreperous and aggressive, despite terms and conditions Which make their counterparts elsewhere blink. Look at "holiday loading": Australian work-

IF YOU had visited Australia's two principal cities at a partic-

ban on trade with the trou-

Australian workers, in other words - like their British

in any case, is on the decline.

A general freeing of the labour market will plainly take time

Managers should strike now

Union membership, moreover,

is declining from its peak in employers. 1975, underscoring the widely held view that, despite their distaste for management and poor image collectively, many workers individually have little time for unions. That said, Australian trade

unionism can only be understood in the light of its history, which stretches back as far as the 1830s and had taken firm root by the 1850s. By the turn of the century there were no less than 200 unions, covering nine per cent of all employees. By 1927 the figure was 47 per cent. Trade union membership passed one million in 1941, 2m in 1963 and hit 2.8m in 1975. The first recorded strike.

involving compositors, was as early as 1840. In 1855, a strike by Sydney stonemasons won

legalistic forms, disputes with

In one of its earliest and most famous decisions, HB Higgins, the chief judge of the court for that is what it was and is, despite being an administrative rather than judicial body - said the commission should ensure that workers received a wage sufficient to provide them with proper food, water, shelter, clothing, rest and comfort as

befitted civilised human beings.

them the country's first eight-hour day. The depression and ideas of a basic living wage and ers are paid 17 per cent extra hour day. The depression and during their vacations because of the overtime they forgo.

But is the image fair? Are Australia's trade unions too powerful, as business leaders say? And how good is management anyway? The answer, it seems, is not to be found simply in the number of strikes which, in any case is on the decime.

Like the country's first eighthour day. The depression and several major strike defeats in the formation of the Labor Party in various a business which couldn't pay its employees a "civilised" wast, the one in Queensland went on to become the first place.

Labor government in the world, in 1899.

But it was the formation of Profitability, in short, was not the Australian federation in relevant.

1901. and especially of the Con-

For a start, times are changing. Industrial relations under the modern form of Australian protection to survive and are of a different order from the legislation explicitly recognitions. Not only did the legislation explicitly recognitions and Arbitration Comton to see why individual tionary form of indexation.

Its power to enforce decisions aged superannuation schemes.

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All this followed the shock of drew the Bill to go to the polls.

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The power to enforce aged superannuation sche

the past, even under previous nise and protect the unions, it ers, at least in the field of it imprisoned a communist rises. This has since given way Labor governments.

Also institutionalised, through industrial relations, to the Com- union secretary, a wave of to a two-tier system which

oped countries.

The centrepiece of co-operation has been the 'accord'. This more than anything has led business leaders to complain of the current power of the unions

The system of compulsory arbitration is seen by many Australians as having successfully curbed the incidence of industrial disputes. Of course there have been periods of great union militancy, but by international standards the number of days lost per worker compares well with other devel-

In pay matters the Commission has tried to avoid becom-

has been the Australian Council for by productivity deals. of Trade Unions (ACTU), a That it has taken so long for body of considerable influence Australia to arrive at producwhich is also a springboard to tivity-driven pay increases, greater things. Mr Bob Hawke, related directly to the perforthe current Prime Minister, was mance of industries, is an ACTU president from 1969 indictment of the system and until he entered parliament 11 the industrial relations "club".

Simon Crean as president and example, which would also run Mr Bill Kelty as secretary. Ana- counter to the notion of comlysts agree that the success of parative wage justice.

Mr Hawke's government since But the implication is clear. he first led Labor to victory in Managements should use this 1983 owes much to the enlight- more decentralised and flexible ened union leadership of Mr system to reduce demarcation Crean and Mr Kelty. operation has been the prevent full capacity utilisa-

the turn of the decade in anticipation of the much vaunted resources boom" promised by the second oil shock. Instead, a recession caused commodity

prices to fall. The restraint since 1983 was initially achieved by "discounting" wage increases below price strikes broke out. In the end the gives all workers a basic law's penal provisions effectincrease paralleling the inflation rate but allows additional The tip of the unions' arrow increases only if they are paid

There is further to go - enter-Currently it is headed by Mr prise level agreements, for

between jobs and abolish The centrepiece of their co- wasteful work practices which ing an instrument of incomes thing has led business leaders however, managements have to complain of the current displayed a lamentable inability the years in the "national wage power of the unions and to talk to capitalise on the shift.

Case have underlined its central role in determining to Mr Kelty, thing has led business leaders however, managements have to complain of the current displayed a lamentable inability to capitalise on the shift.

A more general freeing of the labour market will plainly take of the Labor Party in various of the Labor government in the world, its employees a "civilised" costs.

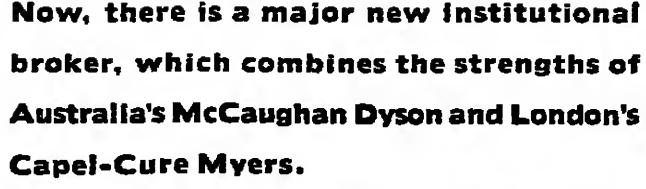
Labor government in the world, it was, wherever in Australia it operated, should probably not in 1899.

But it was the formation of the Australian federation in 1901, and especially of the Conciliation and Arbitration Communication in 1903, which dictated in the modern form of Australian to survive and the first place.

Though the detail of the survive survive in determining labour to determining labour to determining labour that the modern form of the detail of the survive survive in determining labour to determining labour to determining labour to determining labour to determining labour the first place.

Though the detail of the survive survive survive in determining labour to detail of the survive survive in determining labour to detail of the survive survive survive in determining labour to survive survive in determining labour to survive survive survive survive in determining labour to su

INTRODUCING McCAUGHAN DYSON CAPEL CURE. THE BROKER THAT'S SET TO BREAK BARRIERS.



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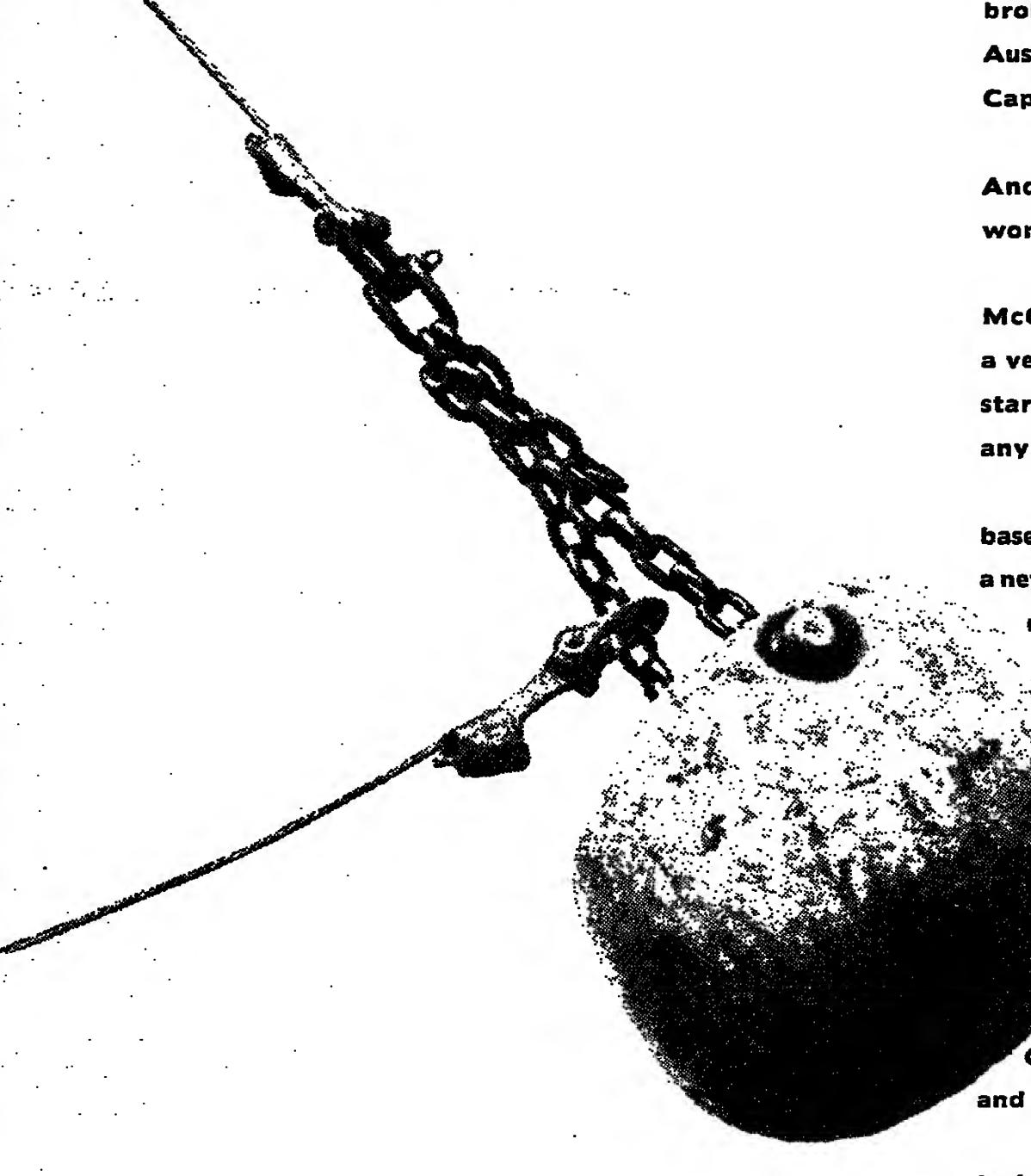
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investment and poor

For their part, manufacturers thrived on a comfortable "cost-plus" mentality. The sec- ing arrangements which force tor's role in the economy grew: even now it contributes a sig- for wage increases. nificently larger share of gross domestic product and employs the government is trying to

plunge in world commodity Regulation Review Unit in 1986 prices in the early 1980s and the slide in the value of the for deregulation of parts of the Australian dollar. That domestic economy, an essential prompted the realisation that precondition for international Australia's deepening balance of payments difficulties were structural, demanding funda- needed in the transport area. mental adjustments in the econ- The government is already com-

It is this process which is tion, but action is still awaited introduced another important, storage, which is the subject of if limited, reform - a 25 per a Royal Commission. Nowadays it is better appre- needed in telecommunications. ciated that diversity means and in the provision of electric-

The idea, therefore, is to ganisation of the state scientific encourage manufacturing body CSIRO, which dominates exports and promote import the country's research effort, to replacement: to build worldclass industries based on Aus- the needs of industry. tralia's strengths which use external markets as a source of

specific plans. A five-year plan for steel, for example, is due to to go.
expire next year. Although The question of where the expire next year. Although there are mecupa, proken and Proprietary (BHP), which is is a matter of constant debate. Australia's largest company The general answer is in and principal steel maker, now resource-based activities, which lays claim to being one of the range from steel; aluminium

becoming more important exports in any case its com-

Although the currency's fall in 1985 and 1986 has since

almost exclusively to domestic been pared back, there was a consumption and highly prosignificant one-off gain in price tected from outside competi- competitiveness for manufacturers, and this now needs to be preserved. Manufacturers even taken hold that manufac- looking for exports or import turing was unimportant: after replacement say they'd also all, the country's comparative prefer the rate to stabilise at a lower level. In another reform, the gov-

ernment introduced a major exchange rate eased the pur-chase of manufactured imports. ture. For companies it abolished The fact that Australia could the double taxation of divi-not efficiently produce steel, dends by introducing imputaprovisions. Manufacturers want

> The government has proven less successful in the broad field of labour reform, although the industrial relations climate has improved under the Labor party government because of its "secord" with the trade

> The much-needed eradication of outmoded and inefficient work practices is proceeding slowly, but is at least occurring. thanks to belated new negotiatproductivity agreements to pay

At the micro-economic level, The shock came with the ness. It established a Business which will encourage sentiment competitiveness.

Deregulation is desperately mitted to this in domestic avia-

Further liberalisation is also relevant skills, and on a reormake its work more relevant to

Despite all this activity, Australian industry remains bedevment, poor management and Part of the strategy includes generally weak confidence.

necific plans. A five-year plan That means there's a long way

country's industrial future lies world's most efficient produc- and paper through to food processing, and in technology and Another plan, for the motor skill-intensive industries, which ufacturers producing thirteen tion and computer-related busi-

modities are hardly going to

Financial doors have been opened to whirlwind change - and few people regret it

Deregulation pauses for breath

"PERHAPS NO country has deregulated its banking and finance system as rapidly and thoroughly as Australia," says Mr Nobby Clark, the managing director of National Australia Bank, one of the country's big trading banks.

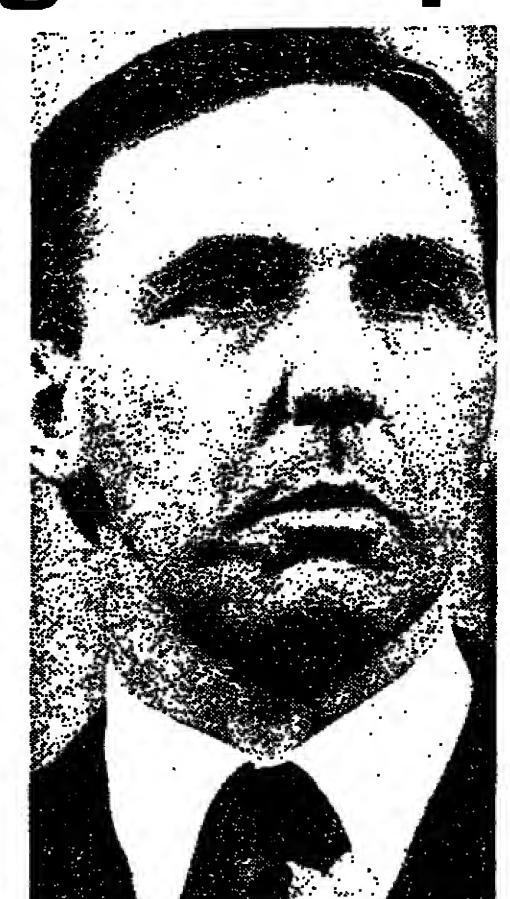
He might have omitted the word "perhaps". It is hard to think of any country which has thrown open its financial doors so brusquely and allowed brac-ing gales to blow through the decades-thickened fug. In the space of less than five years, the Australian financial services industry has been transformed from one of the world's cosiest to one of its toughest.
But few people seem to be

regretting it. The trading banks, NAB, Westpac and ANZ, who had the most to lose, have shaped up and held their ground against the newcomers. Foreigners have gained access to a market they have eyed for years. And both Sydney and Melbourne, the country's leading financial centres, are a-buzz with activity. If the Labor government wanted to reverse banking's well-known sclerotic tendencies, it could hardly have done better.

Deregulation and the admission of foreign banks had been on the cards for years. But the shock therapy came with the announcement by Mr Paul Kesting, the Treasurer, in February 1985 that he would be granting 16 foreign licences, far more than expected. This provided a further goad to the trading banks who were already investing heavily in new automated technology and marketing services to lift their game.

foreign banks has been more tions from the trading banks able. Bankers Trust has managed to keep the invaders lie in retail banking, and it atmospheric than measurable, that they are trying to cream emerged as a leader here, both at bay, they still face the ques- plans to use the Clydesdale particularly in the retail mar- off the best business. Royal in profitability and market rep- tion of where their future Bank in Glasgow as "our vehiket. They have helped sharpen Bank of Canada's joint opera- utation, though much of its growth is to come from. The cle to enter Europe", according the sense of competition as tion with National Mutual is work is in merchant banking domestic market, now over- to Mr Brian Hamley, group gennames like Barclays, NatWest considered to be one of the where many other foreign banked by any measure, is eral manager for prudential and Citibank have begun to most successful retail ventures, banks are able to compete with- likely to get even tougher as management. It also gives NAB appear in the city streets. But but Bank of America was out a bank licence. their combined size is still tiny forced to drop out of an In fact, the merchant or banks consolidate, and as Com- he says. compared with the trading arrangement to put branches in investment banking area posi- monwealth Bank, the sleepy banks, who command over 90 Coles Myer department stores. tively seethes with foreign government-owned bank, is gal- cial deregulation is now paus-\$A2bn, equivalent to about 12.5 particularly if the Australian these markets, many of them One answer is by diversifica- foreign banking licences for the Australian banking system.

plans they started out with, so different sectors," he says. as to fit into a market which





The announcement by Mr Paul Keating (left) of 16 foreign licences provided the shock therapy since when no country has deregulated as fast or as thoroughly, says Mr Nobby Clark (right)

In reality, the impact of the of the market, drawing accusa- international expertise is valu- If the trading banks have NAB considers its strengths to

per cent of bank assets. The The foreign banking presence activity. More than 100 finan- vanized by the prospect of pri- ing for breath. Canberra has foreigners' total capital is about could still face a shake-out, cial institutions operate in vatisation. per cent of all the capital in the economy goes through a few doing little more than trade tion. Australian banks already time being, and the markets are years of slow growth. But Mr money instruments and foreign offer a wide range of services, adjusting to the removal of con-Many of them have found life Mark Deverell, the head of Bar- exchange. very hard, so much so that one, clays' operation, expects most Off balance sheet business is stockbroking and leasing. And Morgan Guaranty, has not even of them to survive. "The compe- another popular area. But some they are keeping their eyes bothered to take up its licence. tition is not so bad because have well-developed corporate open for more opportunities. Governor of the Reserve Bank, Most have had to scale back the many of us are competing in finance or securities businesses. But the big thrust is abroad.

like Lloyds Merchant Bank, Those which have gone into Morgan Grenfell, Barings, and retail are aiming for the top end sory business, because their stockbroker, J.M. Bowyer.

the building societies and state "a better spread" in its assets,

including insurance, travel,

world's leading financial insti-

tutions. According to the Reserve Bank of Australia, the proportion of bank assets held overseas had risen from 24 per cent in 1983 to 31 per cent by last June. And Australian banks are now represented in 50 countries.

ANZ's acquisition three years ago of Grindlays Bank has brought it an extensive branch network in Asia and Africa, as well as offices in Europe and the US. "It gives us clout," says Mr Reg Nicholson, the chief operating officer and group

deputy managing director. He says that a further acquisition to strengthen the group's presence in North America might be possible. ANZ does, though, have proportionately the largest exposure to LDC debt, and was forced to make an extra \$A158m provision to cover it last year.

Westpac, Australia's oldest bank, has taken a different route. Instead of expanding into conventional banking businesses abroad, it has gone for investment banking, which is now centered on its office in the City of London. This includes William Pollock, the US government bond dealer, and Mase Westpac, the bullion business which incorporates the former Johnson Matthey Bank-

"Having reached a certain place in the world, our task now is to stay there," said Mr Bob White, who has just retired as managing director.

Most recently, NAB launched itself into Europe with the acquisition in October of Midland Bank's subsidiaries in Sectiand and Ireland for \$Albn.

After all this activity, finansaid it will not issue any more trols.

But the process has been a success. Mr Bob Johnston, the which has been modernising its All three trading banks have supervision as well, said in a made substantial acquisitions recent speech: "There can be litnow has 35 banks but only 16m wholesale banking have found County NatWest, the invest- overseas in the last three years, the argument that we now have it easier to carve out niches in ment banking arm of the NatW- and they now nurse ambitions a much more competitive finan-Those that have gone into the financial markets and advi- est group which bought a local to be counted among the cial environment. There is a far greater number of intermediaries than several years ago, ard a host of new products and services.

David Lascelles

Entrepreneurs

Migrant stars shine in the business galaxy

FOR MOST of its 200-year existence. Australia was busy importing entrepreneurs. Today, it seems to have turned them into one of its liveliest export industries. Who in the business or financial world is not now familiar with names like Rupert Murdoch, Robert Holmes a Court, John Elliott, Peter Abeles or Alan Bond? the penalties can be high. Holmes a Court is now trying to realise A\$2bn to keep his Bell group of companies afloat.

All this has made the label of entrepreneur a dubious compliment, particularly when added to the ruthless, rasping image which many Australian businessmen have abroad. And many captains of industry

known of them. As anyone who not applied to them for that visits Australia quickly discovereson.

ers, the place is teeming with The use of the word certainly entrepreneurs: people like John confuses the picture. There is Spalvins, Bruce Judge, Kevin nothing remotely entrepreneur-Parry, Christopher Skase, ial in the traditional sense of ticularly after the market that it will shortly be the object crash, along with the esteem in of a takeover bid. On the other which they are held. But their hand, it accurately describes ceaseless and often incredibly someone who builds up a brewcomplicated business exploits ing, mining or publishing busi-

fill the pages of the financial Press every day. Hard though it is to miss, Australia's entrepreneurial phenomenon is even harder to about financing the entrepreexplain. No one has come up neurs, though whether greater with a single convincing reason prudence should have been for this great outburst of business activity. And one reason may be that the word entrepre- view their entrepreneurs with neur itself has become a handy mixed feelings. There is a sense tag for any prominent business- of pride in the achievements of

does and how well he does it. become famous for using daring admiration. acquisition and financing techness empires. Others take more possible reasons stand out. of a portfolio approach, buying

laide Steamship Company, common to all migrants. Holmes for their increasingly aggreswhich is in transport and retail- a Court came from South ing have highly complex struc- Africa, Bond from England, tures which are designed Spalvins from Lithuania, Adler tors have made themselves largely to exploit tax openings. from Hungary and so on. Others still, like Mr Adler's FAI insurance group, use the finan- of the 1980s, the floating of the cial resources which come their Australian dollar and the able influence over a company way through their basic busi- removal of foreign exchange with only a small shareholding. ness to speculate in shares on a controls. Which unleashed the

huge scale. The entrepreneurs' strongest market. common feature is their promithough whether for short-term the introduction of a capital speculative gain or as part of a gains tax. But the habit of seekdeeper business strategy is sel- ing quick gains in the stock dom clear. Parcels of shares in market lives on. publicly-quoted companies are. The fourth is that many their stock-in-trade but, as in entrepreneurs have escaped the

Peter Abeles or Alan Bond? many captains of industry
And these are just the best- would doubtless prefer it was

Larry Adler, and many more. the word about buying a stake Their fortunes may vary, per- in a company in the expectation ness of global proportions from small beginnings, as many Australians have. Certainly, the banks have had few qualms called for remains to be seen.

The Australians themselves man, regardless of what he Australian business, and the mark it is making on the world Some of them run real busi- stage. On the other hand, Aus- trying to realise A\$2bn nesses: beer, media, transport tralia has always, as they say and mining seem to be the most "cut down the tall poppies, Elliott and Abeles. They have matically earn respect and

In seeking to explain the niques to build up their busi- extrepreneur phenomenon, four and the scope of opportunity chunks of other companies known entrepreneurs are not foreign stock markets with mainly for speculation. Holmes Australian at all, but immi- their relative absence of large a Court is a much-cited exam- grants who have shown the proprietorial shareholdings determination to establish and Others, like Spalvins' Ade- improve themselves which is

> A second is the deregulation entrepreneurs on the world

Another is that the Austranence in the world securities lian tax regime long favoured often breathtsking boldness - has been corrected now with

October, when the music stops stifling sectors of business dom-

rebounding.



popular, viz Murdoch, Bond, and entrepreneurs do not auto- insted by "old money" and come up through unregulated businesses like media and brewing where the pace was faster much greater. Related to this, One is that most of the best- Australians have also found much more open than those back home - and this accounts sive presence in London and New York. Australian speculamasters of the technique of "minority control" which enables them to wield consider-Bruised by the market crash they may be, but the entrepreneurs are the kind who fight on. Some people are already predicting that a new wave of markets where they deal with capital gains over income. That them will emerge from the crash. Mr Adler sees it all as part, of Australia's renewal. "Australia was traditionally a

pioneering country," he says.

"But it got soft. It is now

World

Europe

David Lascelles

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The stock market

Back to fundamental values

IT IS now grim financial history that the Australian share market was one of the worst performers in the world October share market crash.

The market's main indicator. the All Ordinaries Index, fell by just over 50 per cent from its 1987 peak - a good 10 to 15 per cent more than its international counterparts, but has since recovered more than 10 per

The crash invited Australia, already smarting from seeing its currency dumped in recent years, to conclude that the comparatively large market fall was yet another judgment from a works investment community jaundiced with the antipodean economic performance.

Doubtless there is some veracity in this view, especially with the country's net foreign debt standing at around A\$80bn and the inflation rate running at more than twice that of OCD countries. But markets have a mind of their own. Australia's stockmarket had out-performed almost every other world market in the preceding year and was thus probably

US investment scene this year. The first has been forced to sell assets totalling more than A\$3bn just to stay solvent, and the other two are already turning more to Australasian busi-

Still other former high-fliers. like Mr Bruce Judge and his Arladne group and the Eldersbacked AFP Investments, have deeper problems which are forcing them to battle for mere survival. But as in every country, Aus-

tralia's share market crash has its comparative winners. If there is a good side to the episode it is a return to fundamental values. The top echelon of Australian companies by market capitalisation is now confined to those with solid assets which produce something that can be touched and feit. The paper shufflers have been banished well down the lists.

There has been a reassertion low-value regime with cash on down ahead of a physical mar-

How the stock market has moved Dec 31 1986-100 Local currency terms Pacific basin Australia 180 140 100 140 1987 88

Jointly compiled by the Financial Times, Goldman, Sachs & Co.and Wood Mackenzie & Co.Ltd.in conjunction with the Institute of Actuaries and the Faculty of Actuaries

consortium of competitors. overs with real value and syn-

eventually pay a higher price most foreign investors, seems to for almost any shares. The A\$900m bid by North another example of a return to duction than its US and Cana and in line. fundamentals, and is set fur- disn counterparts. . . . ther to rationalise the industry, creating a major mining house

to rival the biggest in the coun-

tory share trading based

been by Australia's premier October market meltdown. A\$840m just before the market which tracks the All Ordinaries collapsed and entered the new Index, opened some 30 per cent

more than 100 tonnes.

have left Australian golds undervalued. The sector still

labelled futures markets and ascendancy of the crash has tors and even causes of the play all its' cards impeccably. northern hemisphere) the share The company raised a huge price index futures contract,

world market in the preceding year and was thus probably due a bigger fall on fundamental grounds.

The consequences of the share fall will continue to be felt throughout bicentennial 1988, most visibly by the handful of entrepreneurs who so skilfully used the bull market to become world-ranked share raiders.

It is doubtful if names like continue to be situation and is the recipient of Brierley and even John Elliott will be a feature on the UK and signed will be a feature on the U

a A\$1.6bn takeover bid from a gold market was a classic exam- quote machines and other modple of over-valuation built on ern technological tools. But This demonstrates that the the huge expansion which has those who ignore economic contrend is already towards take- made Australia the second big- ditions and world tensions and gest western world gold blame traders and trading techergy following years of preda- exporter with 1987 output of niques for major market movements are ostriches whose largely on the "bigger fool" But the heavy crash discount heads have been in the sand too principle - that someone would ing, which reflected the exit of long.

Hosking contends that program trading is simply an advanced manifestation of arbi-Broken Hill Holdings for rival has a substantially lower capi- trage, a force which generally Miner Peko-Wallsend is yet talisation per ounce of gold pro- keeps related markets liquid

"A decline in futures markets As in the US, many shellsh- followed quickly by a decline in ocked members of the Austra- share markets, is merely evilian financial sector have dence of an efficient market place," Hosking says. "The exis-But perhaps the greatest computers as major exacerba- tence of stock index futures markets actually coincides with one of the greatest bull markets gold stock; Western Mining Cor- It is true that on Black Tues in history. It would be equally poration, which appeared to day (Black Monday in the nonsensical to claim that stock index futures are therefore responsible for the rise in stock

Bruce Jacques

AUSTRALIA 9

Foreign investment

Two steps forward

AS A capital-poor country, Australia has had to rely on foreign increased competition to make requirement that foreign cominvestment to get its economy the economy more efficient. But panies float off part of their
moving since its earliest days. to reconcile this view with its locally-owned subsidiaries. As a to flow in freely, for fear of of doing the least necessary to EMI have begun to buy back losing control of their precious allay domestic concern about the shares in these companies resources and key industries to foreign takeover.

**Total Control of their precious allay domestic concern about the shares in these companies and reassert full control. foreign interests, particularly, these days, the Japanese.

Even now, despite a general steps forward and one step tendency to open the door back. Last April, Mr Paul Kestwider, Australia remains one of ing, the Treasurer, said that the hardest developed countries foreign takeovers worth less for foreigners to invest in. An than A\$5m would no longer for foreigners to invest in. An OECD review of foreign investment controls last year placed it third in terms of restrictiveness, after France and Finland. Fourteen industrial sectors, it found, were restricted, and exchange controls in 1983 set another three were effectively the stage for liberalisation. closed, because they were gov- Since then the Government has ernment monopolies (though allowed in foreign banks (16 since the survey was con- and permitted foreigners to buy ducted).

may own more than 15 per cent manufacturing sector have been of a radio or television com- eased. The decision last April to pany, or more than 50 per cent set the \$A5m takeover notificaof a mining company. Any large tion threshold for foreign proposed takeover by foreign acquisitions will also reduce by interests has to go before the nearly two-thirds the 1.300 Foreign Investment Review applications that go before the Board (FIRB), which makes a FIRB each year, recommendation to the Treasurer as to whether it should be etly downgraded. Its budget has allowed.

15 per cent in an Australian ernment officials describe it as company, and the establish- little more than a facade for a ment by foreigners of busi- foreign investment policy. The nesses with an investment of line in Canberra is that the Asium or more need approval, rules will not be changed There are also specific controls (which means the FIRB will over foreign activity in banking stay), but they will be operated

and newspapers. from time to time.

as a useful source both of capi- the banking market. tal to finance the country's Another major change has

for growth.

development then.

its Californian and South African counterparts, was vital to

In an extraordinary 10 years. Australia's population trebled (it increased fivefold in the

towns of Ballarat and Bendigo at the centre of the rush). The nascent Melbourne experienced a building boom, and communications improved greatly as railway lines and their new steam trains pushed into the mining and farming lands of Victoria and New South Wales. Further discoveries were made in the 1880s, including the rich silver deposits of Broken Hill. These discoveries stimu-

lated development of the remo-

ter parts of the country, leading

to further immigration and to

the development of Sydney and

Melbourne as major financial

Although a number of impor-

tant finds were made in the

early part of this century. including, in 1923, the multi-

metal complex at Mount Isa, in

Queensiand, the biggest surge

of ali came in the labos with a string of important discoveries

and developments, involving

petroleum and mainly bulk min-

erals - iron ore, bauxite/alu-

mina/aluminium, nickel, manga-

Investment was stimulated by

high rates of economic growth

and, in the case of aluminium.

coal and oil, by high energy

prices in the 1970s. Although today Australia looks like remaining a net importer of oil

for many years yet, ready mar-

However, the boom that this

latest surge was designed to

exception of gold and mineral

sands, Australia's mining indus-

try - like much of that in the

rest of the world - has recently

experienced some of the most

difficult years in its history, all

the more scrious because of the

prominent role that mining now

plays in the economy as a

nese and coal.

and, above all, gold.

and commercial centres.

Yet Australians have always tougher public position, it result, several large multinabeen reluctant to allow capital seems to have adopted a policy tionals like Unilever and Thorn to flow in freely, for fear of of doing the least necessary to

Because of this, policy sometimes seems to be one of two have to be notified. But five months later he subjected all foreign purchases of urban real estate to official scrutiny.

The abolition of foreign licences were granted in 1935) Australian stockbroking firms. No foreigner, for example, "Economic benefits" tests in the

The FIRB itself has been ouibeen squeezed and its powers Foreign stakes of more than blunted to the point where gov-

more flexibly. sound rather inhospitable, the inward investment. Since 1983, real story on foreign invest- total investment, excluding corment is the liberalisation that porate equities, has more than has occurred under the Labor doubled from A\$53.6bn to government, despite the A\$112bn, the bulk of it in manstrongly protective noises it ufacturing, finance and propwas making when it came to erty. The number of bank power and continues to make licences granted was also higher than expected and has Labor sees foreign investment led to intense competition in

Nevertheless, the issue of for-

eign investment continues to arouse strong feelings on both sides of the issue. In November, Mr Kevan Gosper, the chairman and chief executive officer of Shell Aus-

tralia, launched a sharp attack on policy towards the resources industry. It seems to me that the only benefit to the nation as He called for the repeal of the Foreign Takeovers Act, and the

abolition of the FIRB, and went on: "No matter how successful are the efforts to encourage a stronger export-oriented manufacturing sector, our reliance on resources will continue to be high until well into the next century. It makes little sense to put a hobble round the legs of such an important sector of our economy when we can least afford it."

The prospect that New Zealand will slash its tax rates could also force action on Ausbusiness in that direction.

Yet the chances of major deregulation remain slim so long as the fears of an Asian invasion remain so close to the surface of the average Australian. Mr Keating's curbs on urban land Though this makes Australia The result has been a flood of acquisition in September were highly popular, given the large amount of housing that was being snapped up by Japanese, Taiwanese and Hong Kong investors. But the fears extend well beyond that into basic resources, and recreational and agricultural land, and it would be surprising if the Government felt it could ignore them.

David Lascelles

THE LAND

Farming has seen cycles of recession and prosperity

Riding on the sheep's back

twice as many sheep in the prices in years, coupled with favoured grazing lands north of drought which reduced production Melbourne, acknowledges that tion in some areas to a trickle. he is one of the lucky ones.

he is one of the lucky ones. The gravity of the situation A year or two ago, with his should not be underestimated. income from wool barely Mr John Kerin, the minister matching his costs, he just responsible for agriculture, in made ends meet. Today, thanks an interview in Canberra last a whole is simply an emotional to a doubling in the wool price. month, estimated that, despite he is repairing fences, main- the wool price increase, farm taining roadways and planting debt totals some A\$12bn. up 50 trees against erosion - as well per cent in less than a decide as banking a reasonble surplus. and spread between only some

Wool's recovery has been 170,000 farm enterprises. critical to improvements in the farm sector this year - just as it was in the first ever agricul- tralian economy which resists tural boom in Australia in the change like the farmers - yet 1820s, and as it later was in the none which, in reality, adapts 1870s, for example, and again in itself so well to changing cir-

It is not yet clear whether today's boom in wool - in structural changes in Austra- industry (which has lest nearly which some Australian farmers lia's post war agriculture: the 50 000 producers in the last 20 exports and, some believe, at the Wheat Board in Melare, once again, "riding on the dramatic decline in the number years; is not yet complete. sheep's back to prosperity - of farmers, coupled with an will be followed by recession as overall increase in agricultural more farmers switch into the tralia to forestall the flow of sector. But it certainly high- ful search for new markets lights dramatically the cycles of and the declining importance of recession and prosperity which agriculture in the economy as a have been such a feature of whole. Australian farming over the past 150 years, and which have tive at the Australian Bureau of contributed to marked, if gradual, changes in the structure of the industry, particularly in the the increasing resilience and post-war years.

Today's wool price increase (which stems partly from good marketing, and partly from the depreciation of the Australian dollar) follows a marked decline in farming fortunes over the past five years, with wheat growers suffering particularly heavily.

Farm incomes and land prices rave plummeted, while debts. interest rates and bankruptcies

JOHN McCRACKEN, a farmer rose as Australia experienced with some 2,000 acres and some of the lowest commodity

But as Mr Kerin also noted: "There is no sector of the Auscumstances."

Mr Kerin sees two major production and a quite success-

Peter Perkins senior execu-Agricultural and Resource Economics (ABARE) adds a third: sophistication of Australian farming, which stems principally from diversification away from the three main stapies of the last 100 years, wooi, wheat and meat. Life was never easy for the

Australian "cockie", the small farmer in the outback who shed shift in the direction of emports, the land in the last 30 years. Important new markets. though production in that time has increased nearly 20 per. Opinions vary as to whether

greater mechanisation.

Wool's recovery has been critical to improvements in the farm sector this year out in wheat, and in the dairy. A\$199m in the early 1980s, they tune of 18 cents. Mr Gary Keatare now worth some A\$500m in ling, senior marketing manager

What of the future? In the let gross farm output lost year was some Asiabn, of short term, the danger is of which emports accounted for over-production in those com-Afilen, double the value of exports only a decade ago. And whereas in the early infine agri- falling prices. custure goccussed for S0 per cent of total Australian exports, by last year this had "subsidy war" with the US and EC budget as it steps up its drapped to 65 per cent. The

principal reason for the decline has been maing mineral exports. Growth in the economy as a whole, however, explains the decline in farming's contribution to GDP, down from some 29 per cent 30 years ago to around 5 per cent today. There has also been a marked fortilizer prices, while farmers

out a living from a harsh envi- with less than 10 per cent new ronment in the 18th and the going to Europe (compared to early 20th century. But today \$0 per cent in the 1950s) and he has all but disappeared: with Japan and increasingly nearly 40,000 farmers have left. China and the blicate East as

cent, thanks to technological diversification will prove an ment, the greater use of fertilis- range of new crops is being ers, fodder conservation and grown, from peas, beans and John Kerin reckons that suc- west, to so-called "boutique" cessive slumps have honed the crops in the south and east. Mr Kerin notes that while is helping today to pull the

eould reach A\$1bn by 1990.

modities now doing well, particularly wool, which could bring

the European Community. Aus- export subsidy payments. tralians admit they are not "squeaky diean" on the issue of form subsidies. The contracting dairy industry, hard hit by Britains's entry to the EC in 1973, is only now being de-regulated. There are still some elements of subsidy in fuel and can receive aid for imigation.

But Australia has been steadily whittling away its agricultural subsidies, along with last month, that progress could the structural changes taking be made within GATT, albeit place in the rest of the economy not in the short term. and the country's major commodities compete at world market prices. Australians are par- sees the remaining elements of developments, pasture improve- enduring trend. To date a wide ticularly bitter about the way subsidies for farmers diminishthese have been kept artifi- ing, with the country putting cially low by highly subsidized more and more emphasis on the lupins by cereal farmers in the exports from the EC and the sort of broad based - and mar-

wool and beef industries into a These include exotic fruits. Australia can produce sugar at farm sector out of its recent high degree of efficiency, flowers and fish, largely for 6-8 US cents a pound, the US aithough he believes the shake- export. From being worth subsidises its producers to the

bourne, is not alone in believing that the US is currently subsidising sales of wheat to the US "obviously well below the levels Washington could dictate if it chose". Mr Reating notes this has the dual effect of discouraging production by low cost In the longer term, much producers like Australia, while depends on the outcome of the putting extra pressure on the

> Not surprisingly, Australia is 2 strong advocate of the reduction of farm subsidies, and is a leading player in the so-called Cairns group of countries within GATT urging the phased abolition of such support.

The actual negotiations come within the purious of the For-'eign Affairs ministry, but John Kerin was surprisingly collimistic. in an interview in Canberra

Meanwhile at home. Kerin ket led - diversification which

Bridget Blocm



Australia is the world's largest producer of bauxite

a leading supplier of copper the outlook remains uncertain tonnes in 1981 (and 84m tonnes | 33 and zinc. It is the fourth largest following last October's stock- at the height of the 1850's gold supplier of industrial diamonds market crash. and the fifth largest producer In Australia, the coal indus- second to coal as the country's

Council, noted last month that A\$5.4bn last year. Though pro- 50m tonnes.) the most recent investment duction is rising, prices are Will it be boom or bust in the surge increased the industry's depressed and world demand is future - or just more of Profesasset base by a factor of five in slack. Even the Japanese mar- sor Blainey's continuous devel-

time for Australia, since the based exports.

kets were found for coal and iron ore (which, with bauxite the slump by reining in on capi- by inflexible working practices and alumina still contribute nearly 60 per cent of mineral exports), underpinning the growing industrial might of Development has continued into the present decade, with new investment in uranium, diamonds, mineral sands (rutile, ilmenite and zircon, strikes following the Hawke has not affected mining "locked up" in this way. which are used in paint and government's "accord" with the operations, and profits continue steel making and in ceramics)

feed proved a mirage. With the perity" by boosting production rush. to record heights, at the same New technology has made

state of Victoria, which had its 10 years ago, account for 40 Now, around 4,600 men move tion of the Australian dollar as

Mr Mark Rayner, President of acute. Coal is the country's big- New Guinea production in that the Australian Mining Industry gest single export earner, worth year is expected to be some ket, where recently prices have opment! However, the long and severe not been in Australia's favour. One trend the Labor governworld-wide commodity price looks less secure, since the ment wants to encourage is the

Companies have responded to ment) the industry is bedevilled ern Australia.

MIM Holdings, with prices at Mear's director lan Story.

products at the Mt Isa mine and new finds in the so-called Rim few precious metals which Ausa heavy new investment in of Fire in Papua New Guinea, tralia does not yet produce in steaming coal in Queensland, the current boom within Aus- any quantity. has had one of the toughest tralia is based largely on the experiences. It has managed to re-working of old mines, often eral years, expenditure on achieve what one analyst those abandoned as exhausted exploration has been projected described as "profitless pros- following the original 1850's to increase in the current year,

time cutting costs. In the pai- possible the extraction of lower

rush). By 1930 gold could be try's problems are the most largest mineral export. (Papua

slump which has followed could strong yen is affecting the com- greater processing of minerals hardly have come at a worse petitivity of Japanese steel within Australia in an effort to add value to exports. Recent mining industry had borrowed. There has been some shak- developments include the 1000 heavily to finance its growth, cout in the industry in the last Roxby Downs Olympic Dam and on the strength of early year, with a few marginal project in South Australia, profits had agreed wage deals mines closing and redundancies where processing facilities are and tax arrangements which of some 1,500 reported in an being installed for the copper, have proved hard to claw back, industry employing 29,000. But gold and uranium which will As a result, as Mr Rayner said, the industry, particularly in Start to be produced later this "companies have been left with New South Wales where it all year. There is also the Pioneer huge debts to service, an expension started (the first small deposits Pechiney silicon smelter in Tassive workforce and a tax hae- of coal were found within 10 mania and Rhone Poulenc's rare years of the country's settle- earth separation plant in West-

The indstry itself puts considtal spending and borrowing, and high labour and transport erable emphasis on the need to and by cutting back costs of costs. More rationalisation develop new markets, particuproduction, in some cases ach- seems inevitable if the industry larly in Asia, while it continues ieving lower unit costs through is to survive in a healthy state. to dispute the government's increasing output. Manage- · Gold, and to a lesser extent decision to prevent mining in ments have sought increasing mineral sands, have provided many of the country's national productivity from their work- the bright spot amid the gloom parks. It claims that as much as forces, helped to some degree of the recent past. The October 25 per cent of the country's by lower wage rises and fewer crash halved gold shares but mineral reserves have been Despite the slump, explora-

to grow, according to BZW tion is continuing. A number of companies are prospecting in the time down for its tradi- Though Australian companies the Fifield area of New South tional copper, lead and zinc are involved in some very big Wales for platinum, one of the

And for the first time in sevto some A\$284m.

Bridget Bloom



AUSTRALIA'S FIRST foreign

visitors arrived involuntarily

200 years ago in sturdy wooden

ships. Today, they flood in

eagerly by the Jumbo jetful

every day. Unlikely though it

seems for an island so remote

from the world's prosperous

becoming a tourist destination.

population centres, Australia is

Indeed, Australia badly

visitors at a time when its

growing foreign debt is putting

pressure on foreign payments.

Last year, Australia is esti-

mated to have gleaned about,

A\$3.7bn from international

tourism, with Qantas, the inter-

national airline, now one of the

country's biggest foreign

exchange earners. And for the

first time. Australia earned

more from foreign tourists than

it lost from its own people trav-

Australia began to develop a

tourism policy only about five

years ago, which makes it a

latecomer in a crowded market.

But improvements in travel, the

appeal of a wintertime destina-

tion for northern hemisphere

travellers, and the boom in Far

East tourism, particularly

Japan, have all worked Austra-

lia's way. Since 1981, the num-

ber of arrivals has doubled to

1.8m. Mr John Rowe, the man-

aging director of Tourism Aus-

tralia, the government promo-

tion agency, expects to see a

further doubling by the mid-

1990s. The long-term target is:

Fortunately for Australia, its

push into tourism has coincided

with an unprecedented wave of

"free" publicity which has

boosted its image as a place of

eternal sunshine. The Americas.

Cup and the film "Crocodile"

travelogue. This year's bicen-

88. the world's fair in Brisbane,

will reinforce the message that

Australia combines the com-

forts of a modern state with the

tennial celebrations and Expo tive countries.

Dundee" were better than any sorts of exotic sights normally

5m by the year 2000.

elling abroad.

INFORMATION AND LEISURE

is the big growth area

Some valuable 'free publicity' is helping a country new to tourism

Northern tropical scenery

The environment

Hawke's policies add power to Greenies

CAPE Tribulation, a thickly forested spur of land on the north Queensland coast, got its name because concealed beneath the seas around it are the coral fringes of the Great Barrier Reef: early voyagers, including Captain Cook, foundered there.

Today Cape Tribulation is at the centre of troubles of a different sort: it is in one of Australia's national parks which are dotted across the country, from the Great Barrier Reef itself to Ayers Rock near Alice Springs and the remote Rudall River in the western desert to the Wilderness forests in Tasmania. Several of these parks have have become the focus of contention between commercial interests and conservationists. and between the state and federal governments.

In Queensland, the conflict is between, on the one hand, loggers, developers and local people afraid of losing jobs, who are backed by the state government in Brisbane, and, on the other, the "Greenies" - conservationists who are backed by In last July's election, Labor the federal government in Can-pledged to conserve the Queenberra and want to preserve the primeval tropical rainforest for posterity and for careful tour- ests. The pledge is testimony to

value of the wet tropical rainfo- decade. Though formally quite rests is widely acknowledged: small - the ACF membership they contain the largest known has doubled to some 12,000, concentration of primitive flow- while the more radical Wilderering plants and other wildlife. a veritable Noah's ark of species dating back more than have built up grass roots sup-100m years, according to scien-

What is in dispute is how far there are signs that the federal the area is under threat. The Australian Conservation Foundation, the more traditional of the two main Greenie bodies, will show you ugly wide gashes on the hillsides where land has been cleared piecemeal. The ACF maintains that only some 14,000 hectares of a total rainforest of more than 600,000 ha remains untouched by loggers its power over foreign affairs or developers.

The logging industry, backed by the state government in Unesco's World Heritage Brisbane, counters that less scheme. (Some two dozen sites than 20 per cent of the forests world-wide have been listed. of 200 years ago have been ranging from the Pyramids to

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affected. Prime Minister the US Yellowstone Park.) Hawke's government has so far come down firmly on the conservationists' side, both on the Queensland park, and on the other major conservationist before the Unesco listing comissues of the day. One of these involves logging in the rich for- of the Kakadu park has been ests of Tasmania. The other centres on mining in the huge Kakadu national park in the Northern Territory. administration which in 1984

overrode Liberal plans to build

With the election over, there are signs that is embarrassed by the impact of its action. It is in conflict with the state governments

the Franklin hydro-electric damin Tasmania, the first big tarket of the conservation movement. sland forests, further stages of Kakadu and the southern forthe growing political strength The outstanding ecological of the Greenies over the last ness Society is smaller still informal groups in the cities port for the cause.

But with the election over government is a little embarrassed by the impact of its action. On the one hand, it has been brought into direct conflict with the state governments: the only way under the country's constitution that the federal government has been able to establish its authority over the parks is by invoking and applying to have the threatened areas listed under

This has led to the curious spectacle of rival delegations from state and federal governments pleading opposing cases mittee in Paris. The extension delayed as a result, while a similar threat hangs over the Queensland forests.

Of equal importance, how-It was Mr Hawke's first ever, is the Labor government's growing problems with the mining industry, which maintains that as much as 25 per cent of the country's mineral resources

No mining has been allowed the federal government in the first two stages of the establishment of Kakadu, which includes the spectacular landscape of the Alligator River catchment area, plus aboriginal cave paintings. However, the area involving the big Ranger uranium mine was carefully excluded, and BHP is continuing exploration at Coronation Hill, within a few miles of the Arnhem Land escarpment bordering the park.

> John Kerin, the munister responsible for mining, is clearly unhappy about the current situation. In an attempt to placate the mining companies, five year exploration licences are being allowed in so-called conservation zones in the third phase of Kakadu (a move seen as a dangerous precedent by the ACF). I fear we are moving into a heavily antagonistic phase," Kerin said in an interview last month.

In an effort to put the whole question on a more "professional" and less antagonistic footing. Kerin is trying to establish an improved system of managing conservation within government and between government and the commercial and conservationist interests. But, as the Queensland forest submission to UNESCO gets final clearance in Canberra and the mining companies continue to seek a more open government policy, tribulation, at least for the time being, seems the order of the day.

Bridget Bloom IN A sports-mad, media-blitzed country like Australia, where there is no royalty and Hollywood-style film stars are absent, athletes can easily be catapulted to fame, especially if

they prove themselves equal to

the world in the process.

Many Australian sports stars do just that. Indeed, it is a sig-nal achievement for a country with a population of only 16m, and at a time of ever-fiercer international competition, that most world sports invariably include an Australian among their top performers. But then, as D.H. Lawrence once said, Australians play sport as if their lives depended on it. The best recent example is Allan Border, captain of the

were calling him Captain Courageous at the end of 1987, an epithet which rightly evoked the image of the "little Aussie battler" struggling to make a success of a difficult job.

Border's team had just scraped home to win a three-match Test series against New Zealand 1-0. The win made it

Australian cricket side. They

depleted by a decision to cast out cricket "rebels" who had toured South Africa. Border's belated success fol-lowed an earlier Australian victory in the World Cup series in India. As he had also enhanced his personal standing by becoming the country's greatest Testmatch run-getter, surpassing ian Chappell and the great Don Bradman, one newspaper named him one of its four Australians of the Year.

found only in much more primi-

cial events. Australia has more

than its share of world class

Mr Stephen Green, curator of the Memorial Gallery museum at Lord's, in London, holds a replica of the Ashes. Prince Charles is taking the real ones to Australia for the Bicentenary Test statch.

In place of Hollywood

in Formula One; now Wayne

his first series victory since greats like Lew Hoad, Ken taking over the captaincy in Rosewall and Rod Laver. 1984, when the side was Indeed, Australia's achieve-Indeed, Australia's achievements in tennis exceed those of most other sports, as the long list of other names confirms -Cawley, Newcombe, Roche, Stolle, Emerson, Fraser, Sedgeman. Until Cash came along, US strength, followed later by the Swedes and East Europeans, had seemed to blunt progress. Australian swimming, having given the crawl stroke to the world in 1898, has suffered a

> while Ron Clarke was one of the world's greatest-ever long distance athletes. Later, Rob de Castella became one of its best marathon runners. In big-money sports, Austra-lia is constantly producing top contestants. In golf Peter Thomson is a past hero, Greg Norman

500cc motor-cycling having won seven out of 15 world championship events last year. In yachting, Alan Bond's 1983 victory in the America's Cup was described as a great day for Australia".

The flagship of the First Fleet re-enactment for the Bicentenary, Soren Larson, enters Botsay

thoroughly modern city in a

fabulous setting: the Opera

House has become the country's

bourne has a mellower appeal,

and Canberra has the dramatic

The story is the same in The story is the same in minor sports: in squash, surfing; even in sculling, where in 1876 Australia produced its first world sporting champion. The sports which make the mass of Australians tick, however, are spectator ones—in particular, Australian Rules football and horse-racing. No events dominate the sporting or social calendar like the Grand Final of Aussie Rules football or the Melbourne Cup, whenmore than 100,000 screaming people cram Melbourne's MCG people cram Melbourne's MCG stadium.

For the Melbourne Cup, everyone has a fintter and the a current one. In motor-racing of the country's great sport Jack Brabham showed the way heroes a horse, Phar Lap. Chris Sherwell

cles, are the most complex ecosystems on the globe and house exotic beasts like the tree

Queenaland's star attraction. though, is the Great Barrier Reef whose magical world of marine life can only fall too inspire the dullest souls. The coastal towns abound with 40-mile journey out to the reef by bost or helicopter. One of the best-equipped is Quickellver which whisks tourists out in large, high speed sir-condi-tioned launches from Port Douglas for a whole day's snorkelling, scuba diving and glassbottom boat viewing from a pontoon moored at the reef.

Development is booming on the Port Douglas-Cairns coast, and service is now well up to international standards. Sheraton has just completed the Mirage Resort, a huge marble and chrome extravaganza. A more tasteful place is Kewarra Beach Resort where, on a verandah brushed by warm breezes, overlooking a palmfringed lagoon - only days from Christmas - this very article is being written.

Unfortunately, a lot of Australia's historic endowment has become vulgarly commercialised, witness the host of "gennine" boomerang makers, opal mines and crocodile farms that spring up round many resorts. Tourism development has also clashed with the growing environmental lobby, and this points to strains if Australia pursues its ambitious tourism

Other impediments include a creaking infrastructure, particularly in air transport where heavy regulation has left services expensive and inadequate, often astonishingly so for a country of such great distances. Qantas also keeps a tight grip on international flight capacity, meaning that reservations must be made well: in salvance at peak periods. Airline deregulation is on the political agenda, but not very high

Although the British and the New Zealanders are still among the biggest arrival groups for historic reasons, Australia expects most of the growth to come from Japan and the US. Already, package tours pour into Sydney and Cairns from Tokyo and California, and Australia has made a point of targetting particular groups like Japanese honeymooners and American "silvers".

But distance remains the great obstacle for more far-flung markets. Even if dreams of stratospheric jets linking London to Sydney in four hours materialise, there is still the problem of jet lag which can ruin the first three or four days (in December, the two cities are 11 hours apart). But for those with time (and a Further east, Queensland sports some of the world's greatest fair amount of money) Austrawonders. The lush coastal rain. He could be something quite

David Lascelles



easy-going people basking in Bay, after an eight-month voyage from Portsmouth, retracing the journey of the first settlers

But even without these spe- 'top tourist attraction. Mel-

attractions. Sydney is now a vistas of a planned capital city.

in tennis, Pat Cash's victory were achieving as much as the at Wimbledon last year put him tennis stars - remember Jon in the ranks of Australian and Ilsa Konrads, Murray Rose, greats like Lew Hoad, Ken Dawn Fraser? Later, few apart from Shane Gould and Tracy Wickham could match the might of the US and East Germans. Australia still has world-class swimmers – but so do many other countries.

In athletics, Edwin Flack was
Australia's entire team at the
first modern Olympics in 1896,
and he took two gold medals. In 1954, John Landy savaged Roger Bannister's historic sub-four minute mile record within

46 days of Bannister's having set it. Herb Elliott followed, similar experience. At one stage, the country's swimmers becoming the outstanding mid-dle-distance runner of his time;

country comes to a standstill. Racing is a major Australian passion: not for nothing is one of the country's great sporting forests where each bectare con- special. tains 200 different plant spe-

The new Parliament Building, a

top bicentennial project, has

already become as controver-

sial architecturally as the

Opera House, with critics derid-

ing its daring incorporation into

an artificial hill as "a bunker."

become a tourist draw.

But it, too, will undoubtedly

The hig growth areas, though

are in the northern regions with

their astonishing scenery and

tropical climate. The Kakadu

National Park was the setting

for Crocodile Dundee's exploits.

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The arts are struggling to become uniquely Australian

'Cultural cringe' subsides

FOR MUCH of its modern his centre of excellence. tory, Australian society has But many stars of the Austrabeen cruelly portrayed as lian visual, performing and litcrude, and its people as cultural erary arts enjoy international and intellectual Philistines. To acclaim, and rightly so: If most judge by the state of the Australian arts nowadays, such observations are outdated.

Even in the early post-war years, when Australia was a is probably Sir Sidney Nolan. homogeneous, isolated country. which looked almost exclusively to Britain to understand itself, its record of artistic achievement was notable.

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RON

Since then it has moved forward. In the 1970s and 1980s, He won public recognition after country's greatest ballet dancthe struggle to develop somethe war while still in his late ers, choreogaphers and producthing uniquely Australian has twenties, and first had his been waged with great fervour works exhibited overseas in the ing art form in Australia.

In opera, thesire, cinema and 1950s. Landscape artist Fred literature — and the results are Williams won acclaim in the playwright is David Williamshowing.

1960s, while in the 1970s one son, whose sharp portrayais of

To be sure, Australia's arts of the country's most successful community remains small, artists was Brett Whiteley. underfunded and desperate for . In the field of opera, Dame wider recognition at home. It Joan Sutherland became one of

have had to go abroad to win their reputations, even this is not as essential as it was.

Australia's best-known artist let company, helped by the late

Sir Robert Helpmann, one of the The arts community remains small, underfunded and desperate for wider recognition at home

Australian urban life vividly

reveal its least attractive fea-

Traditional writers whose also lacks the depth conferred the world's great operatic works endure include Banjo

by a large domestic population sopranos. Conventional opera Paterson, C.J. Dennis, Henry or enjoyed by a London-style still dominates the art in Aus- Lawson and Marcus Clarke. One



tralia, but a local form has also of the most successful Aborigiemerged with the creation of an nal writers is Kath Walker, who opera based on Patrick White's recently changed her name tothe Aboriginal, Oodgeroo Noon-

In ballet, the famous Dame Patrick White became Austra-Margaret (Peggy) van Praagh was a driving force behind the lia's first winner of the Nobel Prize for Literature in 1973, in establishment of a national balrecognition of "an epic and psy-chological narrative art which has introduced a new continent

into literature". Thomas Keneally, another Australian povelist of a later generation, received Britain's Booker Prize in 1982 for his book Schindler's Ark. At a more popular level, Colleen McCulloch's novels have achieved worldwide commercial

Two other commercial areas where Australians have made their mark in the modern era are cinema and popular music.

The work of directors like Peter Weir, Bruce Beresford Gillian Armstrong has

brought an ever-growing catalogue of highly-acciaimed Australian films to mass audiences. The list includes Picnic at Hanging Rock; My Brilliant Career, The Man from Snowy River; Breaker Morant; Newsfront and Gallipoli. The biggest commercial success was achieved last year by the comedian Paul Hogan, with his film Crocodile Dundee. But his "Ocker" character, like those portrayed by Barrie Humphries (Dame Edna Everage), depends on exaggeration for effect.

In the field of popular music, Australian artistes like the Bee Gees, the Little River Band, Men at Work, Icehouse and Olivia Newton John have all won fame among the world's youth. In more conventional areas, the guitarist John Williams and the planist, the late Percy Grainger, both came from Australia, while composer Malcolm Williamson was the first Australian to be appointed Master of the Queen's Musick, in 1975.

There was a time when Australians were accused of suffering a "cultural cringe", a condition in which only outside cultural achievements could possibly be deemed worthwhile. That condition persists, nurtured by some "professional Australians" abroad. But in the 1980s its worst effects are being conquered.

Chris Sherwell

Aftermath of acquisitions

AUSTRALIA has entered its bicentennial year with a new generation of media owners the result of unprecedented upheaval in an industry already noted for its volatility. Scarcely a corner of the industry remained untouched in 1987 by an acquisitive binge which had a lot to do with an overheated share market and apparently little to do with fundamental values.

have been the two former corporate media monoliths, the Herald and Weekly Times Ltd. which have been dismembered in deals totalling more than A\$5bn. The country's three major metropolitan television networks have also changed hands for more than A\$2.5bn and a plethora of smaller regional radio and television stations have also gone on the block for a further A\$1.2bn.

At the centre of the changes

While the dust is still settling in some quarters, especially in relation to the disaster-prone Fairfax break-up, the rapid-fire changes have determined the basic structure that will take the media industry into the 1990s. But the country's proud new media czars face a major task to make their new investments pay, especially since the high price earnings multiples paid have been rendered even more generous by the October share market crash.

Most of the assets changed hands at historical p/es on the question why did so many not come again. shrewd investors, including the likes of Mr Alan Bond, Mr Rob- being major corporations, must Strangely, the conservative ert Holmes a Court, Westfields' have based their actions on a opposition seems to be leading

the odds to get into an industry This could reflect a belief that media ownership. where growth prospects appear a new era is about to dawn in cially in the electronics field, if the future is bright?



Mr Rupert Murdoch: controls 60-70 per cent of print

high side of 30 and the Fairfax instincts in the heady share revenue, especially in a post acquisition by 26-year-old US- market atmosphere of 1987. share-crash economic slump. educated family junior, Mr For the sellers, a gut feeling, Warwick Fairfax, was pitched borne of long experience in the at a staggering p/e of nearly 60. media, told them that the prices media ownership policy in what These high price tags beg the being offered probably would is a limited market, compara-

But the new proprietors,

to be a significant downside in yism" allegations, For the purchasers, a liking the outlook, principally the government has largely left the for power and political clout prospect of further deregula- matter to the market, although played a part as probably did a tion allowing more industry it recently showed signs of a temporary numbing of their entrants and a flat medium- stiffening attitude by blocking usually razor-sharp value term outlook for advertising the proposed acquisition of a

The rapid-fire changes have also sparked a lively debate on tively easily dominated by a small number of participants.

Mr Frank Lowy and Quintex's strategic view of the industry, the charge against what it sees Mr Christopher Skase, pay over especially its electronic side. as a dangerous concentration of The federal government has limited and the short term broadcasting through satellite- exhibited much less concern decidedly gloomy? Further, based technological advances, and has even advanced a view why would other proven media Parallel opportunities exist to that the industry takeovers entrepreneurs like Messrs expand complementary infor- have actually increased the Rupert Murdoch and Kerry mation services in an age where number of industry partici-Packer sell media assets, espe- these will be increasingly vital. pants, leading to greater diver-But there would also appear sity in views. Despite "cron-

majority stake in the country's only newsagency, Australian Associated Press, by Mr Rupert Murdoch's News Group.

It appears a difficult task to argue that the acquisitive surge has broadened Australia's print media ownership following the successful A\$2.3bn Herald and Weekly Times takeover by Murdoch. Despite some divestments, the News Group either owns or is in a position to influence heavily papers in every Australian capital city. Murdoch is variously estimated to control between 60 and 70 per cent of the country's print

Murdoch's Herald acquisition relegated the Fairfax Group to a comparatively minor position in publishing. The A\$2.6bn take-over by Warwick Fairfax has been forced to sell large parts of the group to finance

After planned sales, Fairfax will be left with little more than one daily newspaper in Melbourne and Sydney and a few peripheral interests.

The position in the electronic media is different, with the networks now divided among marginally more participants than before. Mr Alan Bond now runs the 4-station Metropolitan Nine network following his purchase for about A\$1bn from Mr Kerry Packer. The two other major new entrants are the Westfield Group which controls the 4-station Ten network after a A\$800m deal with Murdoch and Mr Christopher Skase who added Fairfax's three-station Seven network to his existing regional interests.

Two other significant players to emerge have been Ramcorp. which also has major UK radio interests, and has recently become Australia's biggest regional television operator, and the recently-floated Hoyts entertainment group which is now probably Australia's biggest radio operator.

Some loose ends remain to be tied up in these fledgling networks and more deals are likely in 1988. But the major players have now taken up their positions and must make their expensive investments work in the coming decade.

Bruce Jacques

Jimmy Cook, Artie Phillip and Johnno Miles have two things in common...



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...tney knew wnere they were going, but not what they'd find.

James Cook was going to look at the transit of Venus in Tahiti and found Australia, Arthur Phillip was bringing the First Fleet to Botany Bay and found Port Jackson and Sydney Cove, and John Campbell Miles was heading from Cloncurry to Camooweal and found MIM.

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Dame Jose Sutherland is pictured bare in Lucie di Lammermoor at London's Royal Opera House Science and innovation

First trousers with permanent creases

Unfortunately they remain gist who first put penicilin to argely unappreciated by the regular clinical use. Latterly has of Australians, let alone he rest of the world.

Australian scientists have pione neered the techniques of in largely unappreciated by the mass of Australians, let alone the rest of the world.

It was an Australian, for vitro fertilisation and devel-example, who built the first oped the bionic ear to help the refrigeration plant, in 1850. The same man, James Harrison, went on to develop the first technique for freezing meat, triggering the start of a major

Several Australian innova-tions also transformed farming, particularly the development of new implements. They include the stump jump plough (designed 1876), the combine in 1958. And one of the big min-therefore essential to their shearing machine (1885) and ing companies is using a radical future economic success.

first electric drill in 1889, and Despite all this, when it western industrial nations. in the 1930s another Melbourne comes to research and develop- With government-supported engineer who invented the mod-ment (R&D), Australia, like R&D already at a high level, Dr ern castor. Even the idea of the Britain, has a better reputation Boardman says industry itself notepad — gluing the tops of for its achievements on the "R" has a bigger role to play. Curpaper sheets together and back—rather than the "D" side. rently its contribution is below ing them with cardboard - is While the record is excellent 1969 levels. Australian. And it was Austra- in basic research and (in the Thanks partly to the tax lians who gave the world rural and mining sectors) in break, the trend is at least

Pavlova. tralian inventions is the rotary "Australian science finds its foreign and local companies - practical application in Australian science finds its foreign and local companies - which suggests that the list of well-known, unsurprisingly, is Australia's development of the American or Japanese industions will continue to grow. first trousers with permanent try."

creases and the idea of the util- As part of its attempts to

FOR ITS small 16m population ity vehicle. Also Australian: the and its relative isolation, Australian first box-kite and the first. tralia's scientific contributions starting gate for race meetings. down the years have been. At a more sophisticated level, remarkable. it was an Australian patholo-

> The black box flight recorder, too, was produced in Australia,

The government has rightly focused attention on R&D

the rotary hoe (1920).

Similarly, the Guinness Book of Australian Firsts records that it was a Melbourne engineer who patented the world's able to Australian scientists.

The world in Australia and the world's against synthetics is attributed against synthetics is attributed.

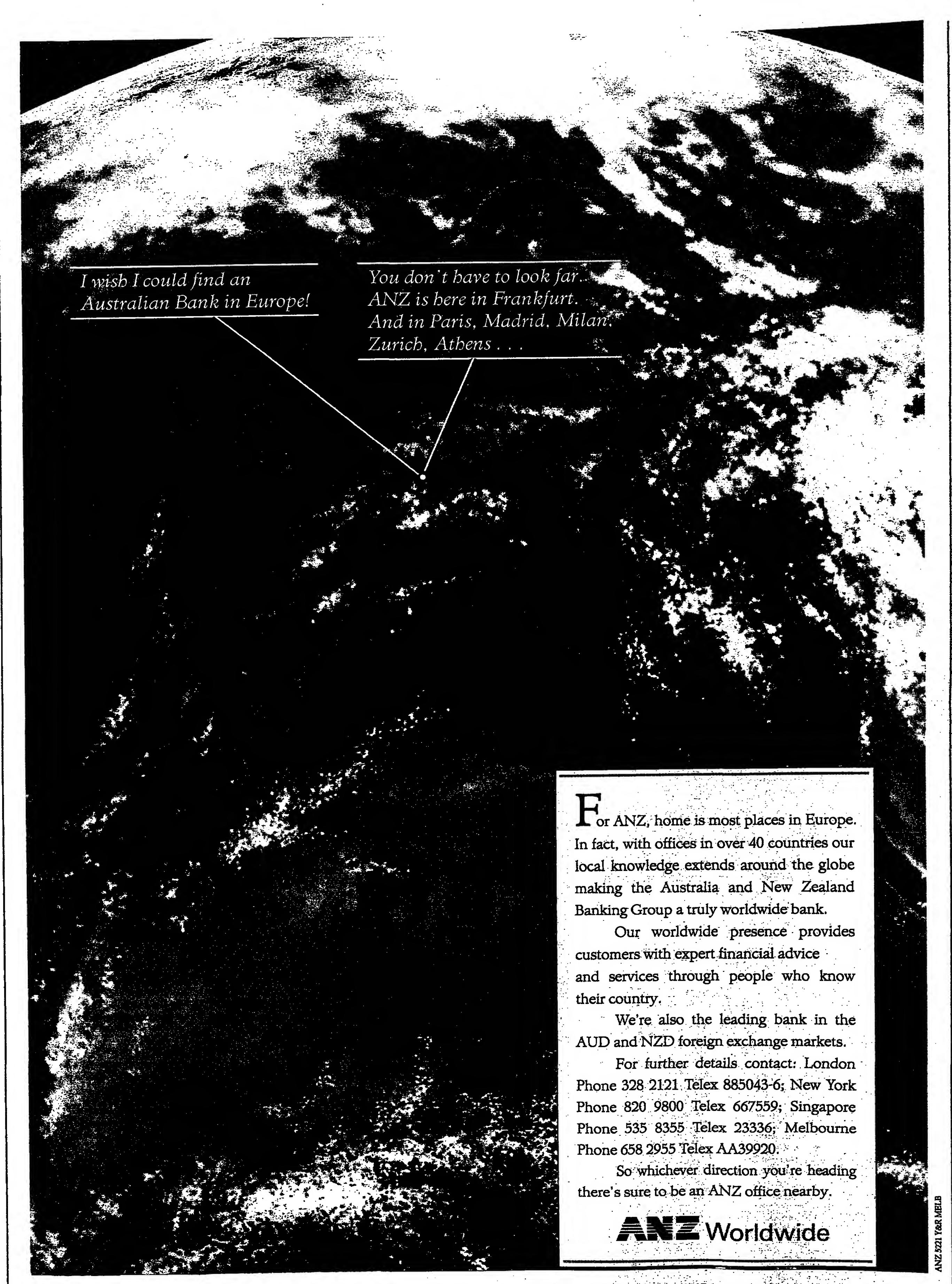
The world in Australia against synthetics is attributed below the 2-3 per cent level shown by leading and the world's against synthetics.

Granny Smith apples and applied research, the same is upwards. Meanwhile, CSIRO is rarely said of the industrial sec. working on some exciting proj-One of the best-known Aus. tor. According to one-historian, ects - in some cases along with

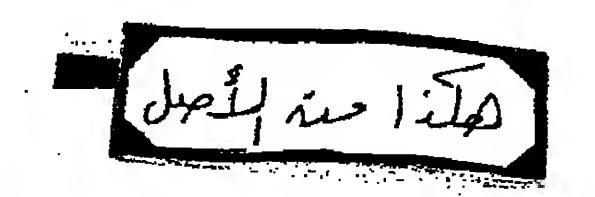
change the Australian industrial culture, the present government has rightly focused attention on R&D. It is offering attractive tax incentives for research and development, and is trying to link the efforts of the Commonwealth Scientific and Industrial Research Organi-sation - CSIRO, the public sector agency which dominates the country's research effort - to

the needs of industry.
In this respect, the radical re-organisation of CSIRO now under way is returning the agency to its roots. Before the second world war, it tackled national priorities like plant pests in mining, now being eroded by technological advances. A strong R&D effort

Chris Sherwell



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SECTION II – COMPANIES AND MARKETS

FINANCIALTIMES

Tuesday January 26 1988



Exxon earnings advance 50% in fourth quarter

BY ANATOLE KALETSKY IN NEW YORK

EXXON, the largest US oil com- than a year earlier, at pany, yesterday reported \$22.59bn/its sumual revenues pany, yesterday reported \$22.59bh. its simual revenues sharply higher profits and revenue in 1987 were 10 per cent up at nues in the fourth quarter, \$84.12bm. marking its best financial per Net income from exploration formance since the exception and production rose almost ally strong first quarter of threefold in the US to \$884m in Net income was \$1.56bm or 4 per cent in the remainder of \$1.12 a share, up more than 50 the world to \$659m. In 1987 as per cent on the year-earlier a whole, US exploration and on asset disposals in 1986. Fourth-quarter profits in 1986 were \$1.48bn or \$1.03 a share, but \$486m of this was keting earnings improved due to one-off gains from the sharply in the US, from \$15m sales of Reliance Electric and to \$82m but, for the year as a the company's New York head-..

For 1987 as a whole, profits were \$4.84bn or \$3.43 a share. compared with \$5.36bn or Revenues in the latest quar- ings in this sector fell 69 per ter were 18 per cent higher cent to \$459m.

quarters building.

\$1.82bn, while overseas earnings rose 4 per cent to \$2.45bn. Quarterly refining and marwhole, US refining fell from

\$478m to \$32m. Foreign refining and marketing earned \$294m in the fourth quarter, 1 per cent higher than the year before. However, annual carn-

Chemical operations continued to show strong growth, both in the US and oversess. US chemicals earned \$102m in the quarter, a jump of 92 per cent, while the foreign business earned \$84m, a 29 per cent

Ashland Oil, the Kentucky-blow up.

based oil company involved in the huge oil pollution incident cash between now and April 30 the broadcasting industry will earlier this mouth near Pitts- or hand over control of his cre- write Mr Turner off. This burgh, reported sharply higher ation to a group of cautious clever, moody, eccentric, coursincome in the latest quarter and predicted that the oil spill would have no material adverse impact on Ashland's financial position."

Ashland's net income was \$71m or \$2.50 in the three months ended December 31, the first quarter of its financial year. This included a one-time gain of \$31m connected with changes in tax accounting.

Gevaert chief leads consortium seeking stake in La Générale

By tim dickson in Brussels THE FIERCE battle for control while Mr Leysen himself of Société Générale de Belgique appeared at a press conference took a new twist yesterday yesterday afternoon to be leavwhen Mr André Leysen, one of ing the door open for talks with Belgium's most successful industrial managers and president of the powerful Gevaert wearing black armbands," quipchemicals group, said he was leading a group of companies which wants to acquire around 25 per cent of the Belgian con-

Mr Leysen's move came a week after the announcement that Mr Carlo De Benedetti, the Italian businessman, owns directly or indirectly 18.6 per cent of Société Générale and is planning an offer for part of the remainder.

Mr Leysen's initiative has been made with the consent of the board of Societé Générale, but it was not certain last night whether he can be cast in the role of "white knight".

The statement from Gevaert, for example drew attention to the need for management Mr De Benedetti. He is a white knight but

ped one stock market analyst

The situation is further confused because of the legal uncertainty still surrounding Société Générale's plan to issue up to 12m new shares into safe hands, thereby diluting Mr De Benedetti's ultimate stake. A commercial court in Brussels last week ruled that this tactic was illegal though the opinion of the Banking Commission, the government-controlled body that discreetly polices stock market activity, seemed later to contradict this view. Mr Leysen who is vice president of the European employers'

group, Unice, and a former head of the Belgian employers' federation (Feb), declined to name the other companies in changes at Societé Générale his camp. They include Bei. Pany.

ginm as well as other European partners," he said. Under the plan which has been agreed with Sociéte Générale this group would acquire 8m to 10m of the newly-lasted shares at a cost of around Bfr20bn to BFr25bn (\$574m to

This will be on condition that the corporate structure of Société Générale would be modified so as to establish a clear distinction between the management and the shareholders control thereupon" and that the Flemish participation in the capital of the company will be more adequately reflected in its

This is a reference to the strong Francophone contro exercised over Société Génér ale's current board. In a seperate developmen yesterday, Solvay, the big chemicals group, said it had agreed to a request from Société Générale to lend its

financial support to the com-

tion of Sterling's goodwill. Mr Colby Chandler, Kodak's chairman, said: "We expect the merger to generate a positive operating cash flow as early as two years and to contribute positively to Kodak's earnings perhaps as quickly within three years."

Since Sterling will only be reflected in its results for part of this year, Kodak believes its earnings will be reduced by only 15 to 25 cents a share. Analysts calculate, however, that the impact will be much more

Mr Peter Enderlin of

Smith Barney, for example,

has cut his estimate for

1988 by 45 cents to \$3.90 and for next year by 50 cents to \$4.40. The impact, although diminishing thereafter, could spread into a fourth year and beyond. Financing the acquisition will push up Kodak's debt to around 55 per cent of total capital from around 30 per cent, with debt service eating into earnings. Mr Enderlin believes that Kedak will have to amortise about \$4bn of Sterling goodwill, included in the purchase price, over a maximum of about 40 years.

Analysts also noted that Kodak was paying a hefty premium over other drug companies, with the \$89.50 a share equal to about 22 times forecasts of Sterling's While analysts say Sterling may not be quite the ideal candidate to help Kodak turn its pharmacentical research and development activities into a major drugs company, it should make a significant contribu-

Wall Street

BANK OF NEW YORK, the 2.4 Bank of New York shares

City rival. **EASTMAN KODAK'S take-**

BY OUR FINANCIAL STAFF

market crash, said yesterday that its latest proposal called for the exchange of 1.575 of its shares and \$15 in cash for each Irving common share.

Irving common on January 22, designed to meet its committhe offer is worth about \$60 a ment to the Federal Reserve share or \$1.09bn. On December Board that the tangible common 15, Irving had rejected as mad- equity ratio of the combined equate Bank of New York's companies would be at least 3.5 offer to exchange \$68 a share per cent on completion of the for 39 per cent of its stock and offer.

Kerkorian, for such well-known (and well-worn) titles as Gone With the Wind and Casablanca. Mr Turner, as one analyst put it, "went to Hollywood fully clothed, and left in a barrel."

Turner Broadcasting has not recovered. The debt used to require MGM was raised by the

James Buchan in New York looks at the complex web of cash problems facing Ted Turner

MR TED TURNER has gone issues of stock and corporate strangely quiet. Once known for his relentless self-advertisement — as broadcast entreprenary blue-chip companies since last October's financial panic. Mr Turner's best hope of getworld peace — he has stopped giving interviews. The Mouth of the South is silent.

Mr Turner 50 has thirds on Mr Turner, 50, has things on his mind. His television company, Turner Broadcasting System, has always been financially unstable. It could now blow up.

Mr Turner must find \$38m in But neither Wall Street nor and April 20 and includes high-yielding bonds and preferred stock. It is "ridiculously expensive," in the words of one credit expert: one bond yields more than 16 per

Worse, the bonds carry such cable television executives. He geous and bombestic man has rigorous and byzantine renavmust find a further \$110m by escaped from disaster in busiment and interest provisions that Mr Turner has been under to launch a new national cable March 1989 or Turner Broad- ness many times since he inherasting could go bankrupt. ited a billboard company on his Mr Turner, who once father's suicide. "I think he'll constant threat of losing control of the company. "The launched a \$5.4bn takeover bid succeed," says Mr Robert Walindentures restrict a lot of Ted for the mighty CBS broadcast- lace, a credit expert at Gateway Turner's flexibility," says Mr ing network, does not have this Advisors in San Jose, Califor-Bob Kricheff, an analyst at First Boston in New York.

for each remaining share.

mated. Secondly, on January 20

Irving disclosed that it had sub-

Bank of New York said revi-

stantially increased its reserve

for foreign loans.

Mr Turner's problem is entirely of his own making. film library are performing Rebuffed by CBS in 1986, he strongly. But their cash flow is went off to Hollywood to buy programming for his station. He mountain of debt. The company returned with MGM's famous lost \$104m on revenues of library of old films. Wall Street Kerkorian - but only by issuing \$459.3m in the first nine analysts still shake their heads \$550m in new preferred stock. at the \$1.48bn he paid MGM's The public markets for new canny majority owner, Mr Kirk operators who use Turner zero coupon junk bonds by Mr Turner founded.

Bank of New York cuts

offer for Irving again

Junk bonds muffle the Mouth of the South

wheeling business style, televi-

sion executives say. A bold plan

tainment group which is No.2. Time also has an option to take control of Cable News Network, the 24-hour news network. should Mr Turner lose majority control of Turner Broadcasting.

channel to challenge the big three networks appears to be Worse, Turner must pay the \$38m dividend on the new preferred stock by April 30 or Mr Turner's struggle with his hand over to the operators two junk-bond straitjacket has been more directors' seats and board control. But the junk-bond covagonising to witness. Mr Turner redeemed a class of preferred enants will not permit this. stock which threatened to pass Turner Broadcasting must control of the company to Mr

Although Turner Broadcasting has rarely reported profits and often has negative equity, its operating cash flow is enough to cover the \$50m-odd in interest payments every quarter. But it leaves nothing over to pay off the principal. Drexel Burnham says it could refinance the old bonds without difficulty.

Mr Turner's best hope is now the banks, analysts say. Cable News Network "is looking more tors has inevitably cramped and more appealing to the com-Turner Broadcasting's free- mercial banks," says Mr Stephen Treanor, an analyst with Moody's Investor Service.

But the banks would probably insist on a new issue of equity - whether to the cable operators or even a national network such as NBC. This will further dilute Mr Turner's shareholding and control of the

Mr John Malone, the powerful head of Tele-Communications who heads the cable group, is refinance the whole \$1.4bn known to want to keep Mr before paying cash dividends to Turner at the helm of Turner anybody else. And it must make Broadcasting. However, it will this time to a group of cable a payment of \$110m on some not be the same company that

cools to Kodak takeover

By Roderick Oram in New York

over of Sterling Drug was

received coolly by Wall

Street yesterday amid con-

cerns over the negative

impact in the medium-term

on the photographic group's

\$441/2 in heavy early trading

as analysts sharply cut

their earnings forecasts.

Profits will be hit for the

next few years by the cost

of borrowing to finance the

takeover and the amortisa-

Kodak's shares fell \$4% to

financial performance.

casting could go bankrupt.

money. His satellite "supersta- niz.

tion. his 24-hour cable news

network, his sports teams and

vanishing to service a \$1.4bn

months of last year.

ninth largest New York bank,

has further reduced its hotly contested bid for Irving Bank because of two recent developments concerning its New York Bank of New York, which had already revised its bid downwards in the wake of the stock

Based on the closing price of sions in its offer were also

Bidding for Steinberg begins with C\$1bn offer BY ROBERT GIBBENS IN MONTREAL

THE BIDDING has started for

Steinberg, Canada's third largest food distributor and prop-Bank of New York said details disclosed on January 19 and 22 by Irving on its major A company equally owned by Unicorp Canada Inc. a Toronto assets would produce lower fair-value adjustments and conglomerate, Oxford Develophigher goodwill than Bank of ment Group, a large property New York had previously esti-

operator, and Gordon Investment Corp, merchant bankers, has offered potentially nearly Can\$1bn (US\$1.2bn) for all the voting and non-voting shares of First reaction from analysts the publicly held 17m non-vot-

was that the bid undervalued ing A shares of Steinberg, with both classes of shares. They a 90 per cent minimum accepsaid that if it succeeded, the tance. new owners might retain the Analysts also said the proproperty and sell off the low posed 25 per cent premium margin food distribution busi- placed on the voting shares was

Oxdon Investments, the bidding entity, offers C\$50 a share cash for all 6m voting shares of Steinberg and have set a mini-

mum 51 per cent acceptance.

over administration of a trust controlling 40 per cent of the voting stock. The balance is held almost exclusively by various family members. Oxdon said that if it got 90 per cent of the voting stock, it would proceed with an offer of not less than C\$40 a share for

The Steinberg family is split

Computervision in Prime talks

BY OUR NEW YORK STAFF

COMPUTERVISION, a leading maker of computer-sided design and manufacturing equipment, has agreed to begin negotiations on a \$15 a share takeover offer made recently by Prime

The Massachusetts-based company initially rejected the \$435m offer, saying it would seek other suitors. It said yesterday, however, it had instructed Goldman Sachs, its adviser, to initiate talks with satisfactory merger agree-

Computervision added sale of equities or other securito a third party." It urged its shareholders not to

tender their shares yet to new MXCL 5 machine was Prime. The shares rose 4 to \$15 designed by Cydrome, a Califoryesterday morning.

Meanwhile, Prime unveiled a mini-supercomputer, aimed at scientists, engineers and other users of heavily numerically oriented applications at a

The mini-supercomputer mar-ket, initiated by Convex Com-puter in 1984, is rapidly becom-ing crowded with new mammacturers. They are offer-ing some of the number crunching capabilities of fully fledged supercomputers from Cray Research and others, but in smaller machines at a fraction

departmental level.

of the cost.

The 'architecture of Prime's

nia company. An entry level system will cost \$579,000 and offer, the companies claim, five to 10 times the performance of super mini-computers. The mini-supercomputer mar

ket is expected to grow by some 50 per cent this year to around \$350m and reach \$1bm a year by the early 1990s.

But several pioneers have already dropped out and the pressure on the remaining manufacturers will increase sharply when Digital Equipment enters the market later this year. International Business Machines is also expected to

Profits fall at Merrill Lynch

BY OUR PINANCIAL STAFF

MERRILL LYNCH, the largest US investment bank, yesterday share compared with \$182.8m includes a pre-tax charge for employee severance of \$47.4m. related settlement expenses, and relatively minor trading losses, all of which aggregated \$55m during October's turbu-

vacation policy reduced compensation, and benefits reported fourth-quarter net expenses by \$69.2m in the lysts on Wall Street had been quarter, Merrill Lynch said. In expecting a fourth-quant addition, insurance proceeds of at Merrill Lynch and a \$51.5m were received in settle-securities firms as well. ment of several ontstanding For all 1987, net earnings from the \$9.6bn reported in were \$390.6m or \$3.58 a share, 1986. Sales were \$2.7bn in the compared with \$454.3m or 1987 fourth quarter, compared

The company's stock was ter. halted on the New York Stock

the results, and the shares rose were expecting disappointing is to \$22% after resuming trad- fourth-quarter earnings.

expecting a fourth-quarter loss at Merrill Lynch and at other The company said 1987 sales totalled \$10.9bn, up 18 per cent

When the stock was halted Exchange at midsession, before yesterday, traders said they



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A change in the company's Castleman quits top Blue Arrow post

BY PHILIP COGGAN IN LONDON

MR CHRISTOPHER Castleman has resigned as chief executive and managing director of Blue Arrew, the international employment agency, just two months after joining the group.

An announcement to the London Stock Exchange said Mr Castleman, who quit Hill Samuel, the UK merchant bank, in July, had resigned because of "differing perceptions of the respective roles of the chairman and chief executive". Shares in Blue Arrow ini-

tially fell 14 per cent yesterday, eventually closing 7p down at 93p.

Mr Castleman was appointed by Mr Tony Berry, Blue Arrows chairman, after the company's \$1.3bn acquisi-tion of Manpower, the US tion of Manpower, the US
employment group, last year.

Mr Berry said at the time:

We have been growing fast and the time has come to agreed with the board's deci-

introduce additional heavymanagement However, it soon became apparent that Mr Berry, who remained executive chairman,

remained executive chairman, still saw himself as very much in charge of the company. He had transformed line Arrow which, at the time of its 1984 debut on the USM, was valued at just £3.1m (\$5.5m) into a group able to launch the UK's big-

gest ever rights issue – £837m – last August. "At the end of the day, a ship can only have one captain," Mr Berry said yesterday, "and there was never any doubt that it was me." He will not be seeking a replacement for Mr Castleman as chief executive, although



Christopher Castleman: clean break sion to hold merger talks with Union Bank of Switzerland. "I hope that people will remem-ber my 24 years at Hill Sam-

uel rather than the two recent resignations." he said yesterday. Both parties were eager to stress that the resignation

was amicable. "I can categori-cally state that there was no row," Mr Berry said. Mr Cas-tleman said it had been "nei-ther dramatic nor traumatic. It was just better to make a clean break when it became apparent the arrangement didn't work". Mr Castleman will continue

to act for a while as a consultant to Blue Arrow, which publishes its preliminary results today; he will also do some work for Botts & Co, a small investment banking house run by former Citicorp banker, Mr John Botts. No details of compensation have yet been agreed, but Mr Berry said there was no ques-

tion of a massive "golden

Lex,Page 22

handshake".

INTERNATIONAL COMPANIES AND FINANCE

We are pleased to announce the following elections

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Taxable Fixed Income Division Michael Cooper

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Solvay forecasts 23% rise in profits

By David Buchan in Brassels SOLVAY, the Belgian chemicals company, yesterday amounced that net profits for last year would be "of the same magnitude" as the 28 per cent rise recorded in the first half of 1987 over the same 1986 period.

Giving a foretaste of profit figures to be announced in detail at the end of April, a group statement said the favourable trend of the first half-year continued through the last aix months of 1987.

It gave no overall turnover figures, but said sales in alkalis, peroxygen and plastics products increased. Turnover of pharmaceutical and veterinarian products stagnated, but profits in both sectors rose.

The company reported a 23.3 per cent increase in net profit for the first half of last year, to BFr5.99bn (\$171m) from BFr4.86bn. Solvay said its board had approved an increase in capital expenditure from BFr18bn last year to BFr21.9bn for the current year. It also planned a BFrlbn increase in research and development spending.

Earnings sharply up at BZ Bank Zurich BZ BANK ZURICH, a small Swiss bank known for ploneering trading on covered options on Swiss registered

shares, reports an increase of 80 per cent in net profit to SFr15.5m (\$11.4m) for 1987, Our Financial Staff

January, 1988

Nedlloyd holders boycott meeting

BY LAURA RAUN IN AMSTERDAM

SHAREHOLDERS of Nedlloyd. the Dutch shipping and trans-port group, yesterday boycot-ted an extraordinary meeting called to seek approval for a planned issue of 3.5m cumula-tive preferred shares.

Only 34 per cent of the 3.47m common shares outstanding were represented at the fourhour meeting. A quorum of 50 per cent was necessary.

The meeting was attended by Mr Torstein Hagen, a Norwe-gian shareholder controlling about 10 per cent of Nedlloyd's shares. He is believed to have encouraged fellow holders to

of the more than 500 shareholders who attended, most quorum had attended.

the foreign shareholders, who drastically its assets by Fl 1bn account for more than half of and to issue the preferred all Nedlloyd investors, are shares to strengthen its balance believed to have boycotted the sheet.

Nedlloyd's supervisory board, lloyd's shareholders, according called another meeting for Feb- to an associate who also ruary 12, when holders will addressed the lively but orderly again be asked to approve the meeting.
Fi 175m (\$93m) issue of cumulative preferred shares.

At that meeting, a majority of three-quarters will be needed to approve the issue instead of the two-thirds that would have been necessary yesterday if a

Mr Hagen seized the moment

Mr R. Wijkstra, chairman of of about 35 per cent of Ned-

Behind a banquet table sat a potential. tors who defended their plans investors questioned the need to write down its shipping and for such a massive asset oil drilling assets, resulting in a write-down, although a good loss of Fi 990m for 1987. number of them also expressed

Most of the discussion, which support for the Nedlloyd manat times grew tense, centred on agement.

the mammoth asset devaluaual Dutch investors and inves- again yesterday to criticise tion, rather than the proposed tor protection groups. Most of Nedlloyd's plan to devalue placement of new shares with

Mr Hagen, a company doctor specialising in the shipping industry, adopted a polite tone in his comments to other shareholders. He repeated that he had no ambitions to control Nedlloyd, but wanted to help improve the company so that it could realise its maximum

phalanx of 11 Nedlloyd direct. Many of the small Dutch

Benedictine hits at Remy bid

BY GEORGE GRAHAM IN PARIS

MR ALAIN LE GRAND, chairbesieged liqueur producer, yesinto ac
terday launched an attack on
both Remy et Associes, the
cognac group which has bid
FF76,200 (\$1,099) a share for
control of the company, and
Remy's banker, Credit Commercial de France (CCF).

After a Paris court had
ordered Benedictine to postpone an extraordinary general
assembly called to authorise a
capital increase reserved for

It won man of Benedictine, the

capital increase reserved for two friendly shareholders, Mr Le Grand accused CCF of using Remy, which is controlled by the Remy Martin group, as a

He hinted darkly that the bid was merely a screen for an enough to qualify for double eventual foreign takeover of voting rights. Benedictine and that the move was a preliminary manoeuvre before further action which

BY JOHN GRIFFITHS

FORD, which bid unsuccess-

fully against Fiat to take over

the former Italian state-owned car maker, Alfa Romeo, actually outbid Fiat by 20 per cent, or L1bn (\$813,000), according to calculations by the Motor Industry Research Unit (Miru).

The unit, based at the University of Fact Anglis 19975

sity of East Anglia, says it investigated the issue more closely because of a European

Commission decision to probe

whether the deal breached

European Community competi-

The commission's delibera-

tions are still going on.
At the time of the takeover

battle, in the summer and autumn of 1986, the conventional moter industry wisdom

of the French spirits industry. Mr Le Grand said: "Taking into account the extraordinary debt level of Remy Martin, I do not know how they could conclude this operation on their own. The evidence points to this operation being just the start of a series of operations." The chairman, great great grandson of Benedictine's founder, declined to give details of the company's shareholder

It would be possible, but unlikely, for Remy to win a majority of the equity without gaining the majority of the votes, since many of the friendly core shareholders have held their shares for long

Benedictine had earlier refused a request from the

well as employment guarantees.

But "the employment guaran-tees do not amount to much and

because of CIG (the Italian

state unemployment compensa-tion legislation) there is little cost to manufacturers in lay-

offs and redundancies," the

So, adjusted for discounted

cash-flow, the Ford offer was

actually the more generous of

The analysis points out that IRI Finneccanica, Alfa's owner at the time of the competeing

bids, found a comparison of the

rival offers problematical because Flat's projected global

the two; Miru argues.

According to Miru, Fiat ment content was L5,000bn. seemed to offer more money as Of the remaining L3,000

Ford 'outbid' Fiat in Alfa wrangle

exchange regulator, to delay the extraordinary assembly.
The COB had criticised Benedictine for the lack of information on how it had calculated the price of FFr4,800 a share at which it plans to issue new equity to Whitbread, the UK drinks group, and to a subsidiary of Credit Agricole, the French bank, taking their combined stake in the liqueur producer to 16.5 per cent.

Mr Le Grand claimed that the COB was now investigating the ultimate control of around full year. 10,000 shares owned by new and apparently anodyne shareholders." All the company's shares are nominative.

Both CCF, which is also advising Grand Metropolitan of the UK in its takeover bid for the Martell cognac company, before further action which Commission des Operations de and Remy have said they do not could threaten the whole future la Bourse (COB), the stock control any Benedictine shares.

Of the remaining L3,000bn,

the actual purchase and fund-

ing of Alfa losses up to the

group's projected break-even

Miru adds: "The essential problem is that while the Ford offer always hinged on a buying price for a minority stake in Alfa, Fiat's plans revolved round projected investment in a company it would not only control but would amalgamate with another of its divisions."

NMB job cuts to save FI 350m

By Our Amsterdam Correspondent

VEDERLANDESCHE Middenstandsbank (NMB), the fourth largest Dutch bank, is to trim its workforce by 3 per cent this year in an effort to cut costs. Most of the 350 jobs will be accounted for by natural wastage and will help save the bank about Fl 350m (\$186.1m) in a

Yesterday's announcement came in response to Dutch press reports that the bank was plan-ning drastic austerity measures and considering links with other banks to make itself more

NMB repeated a previous forecast that its 1987 earnings would be slightly higher than those in 1986.

The bank firmly denied speculation that it is discussing a possible merger with the Postbank, the Dutch bank created two years ago by the merger of the National Savings Bank and the postal giro system.

The speculation is based on a three-quarters was to be spent

statement made last autumn by Mr W. E. Scherpenhuijsen Rom. renewing plant and products. Mr W. E. Scherpenhuijsen Rom, The remaining L750bn was for NMB's chairman, who suggested that NMB was looking for potential merger

At the time he also floated the idea of medium- to smallsized European banks joining forces in a consortium as one means of countering any upsurge in competition that might occur in 1992, when the European Community lowers the last of its barriers to trad-

ing in financial services. Ford has never acknowledged ing in financial services.

its precise calculations on the intended takeover, according to European banks with mature investment in Alfa of up to Miru But, the analysis goes on, home market shares, NMB was that Fiat, in a defensive 18,000bn did not specify pre- it is reported by various clearly feels it may have a problem competing head-on with global banks in such a market. An official said NMB was considering joining forces with other banks to provide selective financial services in

second-tier money centres. **Dutch storage** group acquires

Tenneco units By Our Amsterdam

tal, the country's first venture capital company which was founded in 1976.

The bank, which already owns 30 per cent of WFG, is buying the remaining shares, held by Dresdner Bank, Commercial groups to set up desbank, Westdeutsche Landesbank and Bayerische Landesbank.

However, the other partners will retain their participations in the DM80m (\$47.9m) capital WFG has committed in its latest lavestment fund, which was begun in 1984.

Bavarian bank.

The decision to unravel WFG is not entirely surprising. In January 1987, the West German Government passed legislation allowing banks and other financial groups to set up UBGGs, which are entities with certain tax advantages designed to take participations in unquoted companies.

Many banks have now set up their own UBGGs, or are planning to do so.

WFG's shareholders have now decided to go their own group. Correspondent

No purchase price has been given but the combined earnings of Gebr. Broere and Tenne-co's half of Tees Storage are Fl

China International Trust & Investment Corporation

US-\$ 100,000,000

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NORD/LB Norddeutsche Landesbank Girozentrale

DSL Bank Deutsche Siedlungs- und Landesrentenbank Hamburgische Landesbank - Girozentrale -Hessische Landesbank – Girozentrale – Industriekreditbank AG - Deutsche Industriebank Landesbank Stuttgart Girozentrale

in order to promote the trade between the

People's Republic of China

Federal Republic of Germany

NORD/LB

move aimed at depriving Ford of a substantial presence in the Italian car market, had over-bid Ford by two to three times. cisely how much Flat was offering for Alfa itself. Later on, Miru points out, it offered IRI L140bn for an iniwas indicated that the invest-**Privatisation** Deutsche Bank buys up likely for venture capital group Irish insurer

By Kieran Cooke in Dublin THERE ARE firm indications

that the Irish Government has decided to privatise the state-owned Irish Life Assurance, the country's biggest assurance concern with assets of between 1£2.5bn and 1£3bn (between £3.95bn and \$4.74bn) \$3.95bn and \$4.74bn).

Reports indicate the Government will use the sale's proceeds to reduce the national debt, which now stands at 1524bn. Current market value of Irish Life is put at between 15200m and 15300m.

Unions have already complained about a possible sale. The company's management says that state control has inhibited its growth and that more capital is needed to expand operations, particularly in the US.

BY HAIG SIMONIAN IN FRANKFURT DEUTSCHE BANK, West Ger- venture capital company in many's biggest bank, is to take which it has a 92.5 per cent full control of WFG Deutsche stake, with the remainder held Gesellschaft fuer Wagniskapi- by Schmidt Bank, a small tal, the country's first venture capital company which was founded in 1976.

begun in 1984.

Deutsche Bank has not disclosed how much it is paying company's activities were for the group. It plans to merge increasingly overlapping on a WFG into Deutsche Beteilibusiness they have decided to gungsgesellschaft, a specialist develop alone.

Bavarian bank.

20m (\$10.6m).

A more flexible approach to financing capital equipment.

As the financial services arm of GE, the giant US based molinational CE Capita are leaders in business to business.

We provide the bly flexible kin rest packages designed to make the most of vous company assets

Whatever trusiness source in world find we ofter the most cost effective way to france v

Elegal scrips bourdings. Makesin Briggs a cell on 01.745 9900 or with

Shiseido pays same despite 49% slide

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stocking. This brought an earnings outcome marginally better than Shiseldo's worst expecta-tions – the company warned in October that only ¥16.5bn might be attainable.

Turnover fell 6.2 per cent to Y320.23bn, ending a period of growth which had been uninterrupted since the Second World War. In the current year the company is forecasting a partial revival in sales to Y340.4bn, although this would still fall short of the record increased depreciation costs for Y241.33bn achieved in 1986.

Thore than a fifth of its sales.

Lectan, one of Japan's leading store groups, showed a 3.1 per cent rise in pre-tax profits for the year to last November, with sales up by 4 per cent, Carla Rapoport adds from Tokyo.

The company said that increased depreciation costs for the year were more than offset. Y341.33bn achieved in 1986. recover to only Y23.5bn in the of Y321bn. The company main-period ending this November. tained its dividend for the full Mr Yoshiharu Fukuhara. Shis- year at Y10. eido's recently installed presi-

SHISEIDO, the leading Japanese cosmetics producer, is maintaining the dividend for its latest year despite a 49.4 per cent slide in pre-tax profits to Y16.77bn (\$131.2m).

The decline, the first in 18 inventory write-offs reduce years, follows a restructuring of its domestic sales operations which had suffered from overstocking. This brought an earn-

Shiseido is expanding into associated areas such as toiletries and pharmaceuticals, which for the first time accounted in aggregate for more than a fifth of its sales.

the year were more than offset Profits before tax, which in by higher returns on financial that year amounted to investment. Pre-tax profits Y33.15bn, are projected to were Y11.4bn (\$89.2m) on sales

For the current year, Isetan dent, expects the company to forecasts a 6 per cent increase be fully back on course only by at the pre-tax level to Y12.1bn on sales up 4.5 per cent.

Everite lifts sales but earnings per share dip

BY JIM JONES IN JOHANNEBBURG EVERITE, the South African

cement and asbestos products group controlled by the Swiss Eternit group, benefited from an acquisition in the six months to December but earnings per share declined as new shares were issued for the purchase. R162.5m (\$82m) from R112.9m and pre-tax profits increased to Interim net earnings dropped R15.2m from R12.5m. The to 10.8 cents a share from 15.4 directors said this reflected the acquisition of Turner & lifted to 4.5 cents from 4.25 Newall's building products cents. In the last financial year interests at the start of 1987 earnings totalled 28.1 cents and an increase in building a dividend of 8.75 cents was industry activity.

Operating margins were affected by a price war in the polyvinyl chloride pipe industry and, at the start of 1988, Everite merged its PVC pipe operations with those of AECI, the chemicals group. The board added that rationalisation bene-First-half turnover rose to fits should become apparent in this year's second-half profits. cents but the dividend has been paid.

Tops Series V Limited (Incorporated with limited liability in the Cayman Islands)

U.S.\$150,000,000

Series V Floating Rate Trust Obligation

Participation Securities due 1992 Secured by a Charge on a Portfolio of Fixed Rate Bonds and Notes with an aggregate principal amount of U.S.\$215,275,000

For the period 25th January, 1988 to 25th July, 1988, the securities will carry an interest rate of 7.525% per annum with a coupon amount of U.S.\$9,510.76 per U.S.\$250,000 denomination and U.S.\$19,021.53 per U.S.\$500,000 denomination.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

CARPS II Limited

(Incorporated with firnited liability in the Cayman Islands)

U.S. \$80,000,000

Secured Floating Rate Notes due 1992 For the period 22nd January, 1988 to 22nd July, 1988 the Notes will carry an interest rate of 7.5875% per annum with a coupon amount of U.S. \$3,835.90 per U.S. \$100,000 Note payable on 22nd July, 1988.

Bankers Trust Company, London Agent Bank

SARA LEE CORPORATION

Chris Sherwell on the metamorphosis of Robert Holmes à Court

Bell switches to bear approach

MR ROBERT Holmss à Court, the Perth entrepreneur who became known as the Great Acquirer in the Australian stock market's five-year bull run, has occasionally been tagged with the label Great Divestor since the October crash forced him into a remarkable series of asset disposals.

Last week the metamorphosis became complete. Indeed, analysts say it was sitting on Thursday's complex agreement between his Bell Resources "has the potential to be totally ungeared and has A\$500m on deposit."

Analysts say it was sitting on A\$30m on deposit."

Analysts say it was sitting on A\$50m on deposit."

Analysts say it was sitting on A\$50m of borrowings before the Hill Proprietary say Mr Holmes BHP deal was announced and a Court has emerged in a guise A\$1.2bn of cash. In their view

Currently, Bell Group, is directly controlled by Mr is directly controlled by Mr

Under the relevant part of retire all its debt and still be the agreement, BHP will buy left with more than A\$300m in 300m of its own shares from cash. Bell Resources for A\$2.1bn Bell Resources' main assets, (US\$1.5bn), reducing Mr apart from its cash and its Holmes à Court's formidable 28 important 10 per cent BHP KIII SIGNINCANT 10 per cent.

takeover of BHP five years ago, Resources of around A\$2.30 to is also constrained from raising A\$2.50 per share, which means his stake in the group above 10 that, at A\$1.40 per share on per cent unless he makes a full Thursday, it was trading in the cash bid - something he is market at a significant disunlikely to contemplate in the count. It finished the week 20

ruled out. The deal has crystallised a shares traded. loss for Bell Resources of The unanswered question is said to stand at A\$500m.

effect of tax benefits and the the Bell empire.

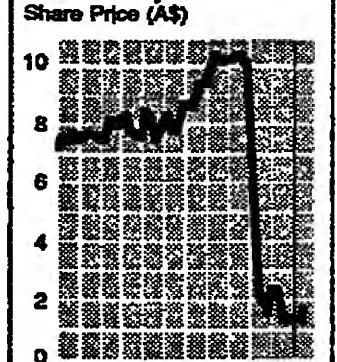
à Court has emerged in a guise A\$1.2bn of cash. In their view they have not seen in years, if the effect of the deal in net

per cent stake in the steel, stake, are now in coal and in petroleum and minerals giant to the Weeks Petroleum royalty Mr Holmes & Court, who set Analysts' calculations show up Bell Resources to launch a an asset backing for Bell

short term, but which cannot be cents higher at A\$1.60, topping turnover lists with 13.9m

A\$296m. Taken with losses on whether Mr Holmes à Court other disposals since October - will in fact retire Bell in Texaco in the US, Sears in Resources' debt and sit on its the UK, and Pioneer Concrete in cash to prepare for any second Australia - the total is now wave of bulk selling in the stock markets, or instead But analysts caution against embark on an acquisition path, reading too much into this, purchasing a cash generating since the figures do not take business and perhaps promointo account the unknown ting some consolidation within

expand.



perhaps through merger or takeover, was mooted at the Bell Group annual meeting last month. But Mr Holmes à Court said at the time that no plan had yet been devised and that evidently remains the case. For the group as a whole,

other disposals or sales are expected. For example, Mr Holmes à Court has been negotiating with Pearson in the UK, owner of the Financial Times, on a joint venture which would own the Australian Financial Review, the Times on Sunday and the New Zealand National **Business Review.**

According to Mr Ian Story, senior research analyst with BZW Meares, a consolidation is

tainty. As for Bell Resources, he believes it is unlikely to

In his view, Mr Holmes Court has now successfully adapted Bell Resources to a bearish environment, switching it away from the bullish approach which was essential to its past success.

"Bell Resources used to be the stock to buy if you were optimistic about the market," he said. "Now you wouldn't touch it unless you were bearish. He will wait until there's a recovery - and that only looks likely when the necessary adjust-ments are made in the US econ-

By contrast, Mr Norman Miskelly, senior analyst with Ord Minet, suspects Mr Holmes à Court will capitalise on the lesson of the crash and acquire a cash business. But he adds: "Few people ever read him cor-

Both agree that Mr Holmes à Court has undergone a remarkable transformation since October. Previously he depended on what he called "intellectual profits" - capital gains from being bought out of strategic equity positions taken in target companies whose dividends funded holding costs.

With the sudden end of the bull market, he has had to switch strategies, liquidating assets to reduce borrowings and building a cash reserve to weather the slide in share

"Like Superman, he's jumped into a phone box to change identity," Mr Story said. An aide of Mr Holmes à Court was more sober in his assessment. "He's very relaxed," he said.

U.S. \$100,000,000

VereinWest Overseas Finance (Jersey) Limited

Floating Rate Notes Due 1991

secured on a deposit with

Vereins- und Westbank Aktiengesellschaft

Interest Rate

7.4% p.a.

25th January 1988 25th July 1988

Interest Amount per U.S. \$10,000 Note due 25th July 1988

Interest Period

U.S. 5374.11

Credit Suisse First Boston Limited Agent Bank

CORRECTION NOTICE THE BANK OF NOVA SCOTIA

(A Canadian Chartered Bank)

£100,000,000 Floating Rate Debentures 2000

Issue Price 100.10 per cent.

For the three months 30th October, 1987 to 29th January, 1988 the Debentures will bear an interest rate of 9.35% per annum and the coupon amount per £10,000 denomination will be £232.47.

Agent Bank Samuel Montagu & Co. Limited

By Wong Sulong in Kuela Lumour

Malaysian

bank ahead

at midway

ARAB MALAYSIAN Merchant Bank (AMMB), the largest of Malaysia's 12 merchant banks, has reported a 23.5 per cent increase in pre-tax profits to 24.2m ringgit (\$9.5m) for the half year to the end of last September.

The figures include, for the first time, the results of Arab-Malaysian Securities (formerly Kris Securities), the bank's stockbroking subsidiary, which had shown a "creditable performance" since it was acquired in

group continued to take the lead in investment banking activities, including the lamching of government bonds and sponsoring the successful launch of the \$84m Malaysia Fund on the New York Stock Exchange.

ringgit, an increase of 6 per cent, while shareholders' funds were 197m ringgit, up 8.7 per

Meanwhile, Arab Malaysian Development, the listed investment group which owns 45 per cent of AMMB, has announced plans to raise 72.8m ringgit through a one-for-four rights

The 145.6m new shares are to 9.02m ringgit.

Aubert &

Arranged Financing Financial Advisor

AMMB said that the banking

Total assets of AMMB at September 1987 stood at 3.66bn

be sold at their par value of 50 cents each. The proceeds of the issue will be used to reduce borrowings and provide additional working capital, including finance for the purchase of a 49 per cent stake in Arab Malaysian Credit which will absorb

Duval S.A.

Acquisition of Special Metals Corporation from Astrotech International Corporation

Assisted in Initiation

Incorporated

Bird

Joint venture agreement with Sulzer-Escher Wyss GmbH. a subsidiary of Gebrüder Sulzer AG

Financial Advisor

Carroli **Industries PLC**

Acquisition of The Cotton Company

Christie-Tyler plc

Subsidiary of Hillsdown Holdings pic Acquisition of Sleepeezee Limited, La Compagnie Continentale Simmons S.A. Compagniz Italiana Simmons SpA

Initiator

Comstock

Group, Inc.

Sale of newly issued **Cumulative Convertible**

Preferred Stock

to Spic Barignolles S.A.

Financial Advisor

Clearwater Fine Foods Inc.

of Hillsdown Holdings plc
Acquisition of 81.6% of the Common Stock of King Shrimp Co. Inc.

Inklator

Derek Crouch PLC

Acquisition by Ryan International pic

initiator

Luropean Mergers & Acquisitions

Proven Performance

These transactions were completed in 1987.

PaineWebber INVESTMENT BANKING

London @ Hong Kong @ New York @ Tokyo

ICN Holland B.V.

Financial Advisor

Acquisition, through its subsidiary SPI Pharmaceuticals, Inc.

Oculenti b.v.

Financial Advisor

Summary of results for the quarter and six months ended December 26, 1987

	Second	Quarterf	Per cent.	Six M	onthst
(Dollars in millions except per share data)	1988	1987	Increase	1988	1987
Net sales	\$2,644.1	\$2,386.0	10.8	\$5,043.0	\$4,527.1
Pre-tax income	\$154.5	\$133.9	15.4	\$256.0	\$232.0
Net income	\$99.1	\$77.8	27.4	\$161.0	\$133.2
Earnings per share	\$.88	\$.70	25.7	\$1.42	\$1.18
Dividends per share	\$.30	\$.25	20.0		
Fiscal year ends June 30	•				

In all operations, earnings growth was fuelled by aggressive marketing activities, new product promotions and improved productivity in key facilities. Unit volume gains were: +4% frozen baked goods; +9% processed meats; +8% European coffee; +1% hosiery; +19% knitwear; +16% gloves; +5% intimate apparel.

Sara Lee Corporation, Three First National Plaza, Chicago, Illinois 60602

Boston II Chicago II Dellas II Horiston II Los Angeles II San Francisco Assisted in Initiation **Financial Advisor** Financial Advisor ICN IHOP Corp. P. & W. MacLellan Lewmar plc **Pharmaceuticals** p.l.c. Holland b.v. A wholly-owned subsidiary of SVIDO-Abwicklungspesellschaft Acquisition by certain members of senior management. Sale of 28.6% of its issued Acquisition by certain financial institutions Benjamin Priest Group ple **Ordinary Share Capital** Acquisition, through its subsidiary to Haleworth Holdings Limited SPI Pharmaceuticals, Inc. Keiso & Company of Laboratorios Hubber S.A. Initiator Initiator Initiator Financial Advisor Financial Advisor Financial Advisor Financial Advisor Pepe Group PLC Smith & Nephew Ratners Wavetek Group plc **Associated** Corporation Companies plc Acquisition of Buffalo S.A. Acquisition of Sterling Inc. Acquisition of Sigma, Inc. Acquisition of Datron International pic Initiator Financial Advisor

Dealer Manager

Haig Simonian on rationalisation in West German retail banking

Banks seek economies of scale

IT MAY be just coincidence. Earlier this month, two Frank- ever big. furt-based savings banks, the Frankfurter Sparkasse von 1822 and the Stadtsparkasse Frankfurt, announced they were to merge from next year to form Germany's fourth biggest savings bank with total

assets of over DM15bn. Last week, it was the turn of two Landesbanken. Landesbank Stuttgart, based in Stuttgart, and Badische Kommunale Landesbank (Bakola) based in Mannheim. Together, the two will create the country's fifth biggest Landesbank, with total assets of about DM70bn, just trailing the much-better known

Hessische Landesbank (Helaba). The mergers are unconnected and in different parts of the country. But the second, in particular, may finally signal the and often New York. start of the long-awaited reor-

Barely known internationally. Germany's 589 savings banks. which vary from single unit operations to groups with large branch networks, form a key part of the country's retail banking system. For many individuals, day-to-day finance means a visit to a local savings bank branch rather than to the doors of Deutsche Bank. Dresdner Bank or Commerzbank, Germany's big three com-

mercial banks. Meanwhile, the Landesbanken form the umbrella organisations for local savings banks for certain central services as well as specialised funtions like foreign exchange, securities trading and trade finance,

BY GEORGE GRAHAM IN PARIS

index futures market in France.

de France (CCF), the country's

ninth largest banking group, as

well as Finacor, the financial

group, and Simuledge, the soft-

a telephone futures market in

the spring, moving shortly on to

future would then be intro-

duced later this year, the group

Dealers in Paris were can exchange floor.

An option on the stock index

electronic dealing.

Backed by Credit Commercial

individual savings banks, how- react to these challenges. For aba, Landesbank Rheinland-The Landesbanken are nor- seemed the obvious answer.

capital markets. (Nord/LB) and Helaba, the next management. three biggest Landesbanken

ganisation of Germany's banken have been spreading in their territory. savings and Land banking their wings, notably in the capi- Developments in state politics tal markets, life has often been in the past year may have growing tougher for their some removed some of these obsta-

cated needs of local corporate Mainz, would have been clients. The big three commer- unthinkable until last April. cial banks in particular have

coverage and specialisation. attracting private accounts. As a result, many savings banks, and some Landesbanken.

have been increasingly forced

oped by CCF, which is calcu-

lated every minute but which

has not yet gained widespread

already exists in options on the

widely used measure of the

mance but is calculated only

once a day. The stock exchange

is working on a new continuous

index to be used as the base for

an option traded on the

An over-the-counter market

OM plans French stock

GM. THE Swedish futures and tious yesterday about the pro-

options market maker con- posed market's chances of suc-

trolled by the Wallenberg cess. They noted that OM plans

group, plans to launch a stock to use the EFX50 index devel-

ware house, OM hopes to start CAC index, which is the most

index futures market

mally co-owned by state gov- It is no surprise that, among specialist wholesale bank tradi-ernments and the region's the key reasons for their pro- tionally associated with the savings banks. Some, like West- posed merger, Landesbank savings bank movement. deutsche Landesbank (WestLB), Stuttgart and Bakola should A grouping in the are huge operations. WestLB is have cited synergy, economies around Bayerische Landesbank, one of Germany's biggest of scale and the need to offer which might eventually take in banks, with total assets in 1986 customers, particularly compa- Landesbank Stuttgart and Bakof DM135bn, and is a familiar nies, a wider range of services. Ola once their merger becomes name in domestic and foreign Together, they will also become more competitve in a range of Bayerische Landesbank, broader financial services like groups, that should be on Janu-Norddeutsche Landesbank leasing, factoring and fund

According to many analysts, ranked by size, have similar, political considerations have though not quite so fully real- often stood in the way of merg- Germany around Nord/LB, ised, ambitions. All have been ers in the past, either because which might include the much expanding, especially in inter- neighbouring state governments smaller Landesbank Hamburg national and investment bank- were of opposing political alle-ing, and now boast offices at giances or because some local least in Loudon, Luxembourg politicians have been unwilling these plans to fruition will be to relinquish the prestige of easier said than done. Rational-But while the biggest Landes- having their "own" Landesbank

cles. Thus the present talk The smaller Landesbanken about a possible merger have seen business slip away to between Helaba and a variety bigger commercial banks, often of institutions, notably the because of their inability to neighbouring Landesbank meet the increasingly sophisti- Rheinland-Pfalz, based in

That was when the Social been attracting small and mid- Democratic Party lost control of dle-sized business accounts by the state of Hesse, which it had emphasing their international held unbroken since the founding of the Federal Republic in Meanwhile, competition in 1949. With the Christian Demoretail banking has also intensi- crats in power in most neighfied as the commercial banks bouring states, speculation groups. They are responsible have devoted more attention to about regional Landesbank mergers has grown apace. Among the possible combina-

tions being mentioned are: An alliance in central Gerwhich lie outside the scope of to examine how they should many which could include Hel-

many, rationalisation has Pfalz and, just possibly, Deutprice sche Girozentrale (DGZ), the

> effective. Subject to the agreement of the local savings bank ary I next year. • Further concentration

A grouping in the south

around WestLB. A stronger alliance in north, and Girozentrale Kiel. However, bringing any of

isation among savings banks themselves has been taking place for some time as smaller banks have got together to achieve economies of scale. A working group set up by the savings banks last year has already suggested, at the very least, better co-operation between savings banks and their local Landesbank. Savings banks must also offer a broader palette of products and learn to

The latest mergers at both savings and Landesbank level have undoubtedly added impetus to the calls for change. More important, despite comments from the cynics who say they have heard it all before, the suddenness with which both the latest alliances were announced shows that discreet discussions have indeed been taking place between banks behind closed doors.

market them more effectively.

Japan may widen law on insider trading

the Securities and Exchange prosecute them. Law to include powers to investigate investors outside securiof involvement in insider trading, Our Financial Staff

The MoF is setting up a special subcommittee on insider own account. The MoF can sub- reports from Tokyo.

THE JAPANESE Ministry of poens documents from outside Finance is considering widening investors, but has no powers to

Changes in the wording of the ties houses who are suspected securities law to include an explicit reference to the use of inside information under consideration. The present law refers only to "prohibited unfair trading."

trading consider changes . The Tokyo Stock Exchange detailed in the securities law. is considering launching trading French stock market's perfor- At present, the Ministry is in options on 10-year Japanese empowered to investigate and government bond futures this prosecute only forms or indi- year, after it introduces futures viduals in the securities indus- on 20-year government bonds try suspected of trading on and Tokyo stock index (Topix) insider information for their futures contracts, Renter

These securities having been sold, this announcement appears as a matter of record only.

Crédit Local de France - CAECL SA

Change of Status

from Etablissement Public Administratif to Société Anonyme

and

Private Sale

of 894,658 Ordinary Shares and 894,658 Warrants to French and International Institutional Investors.

The undersigned acted as adviser to Crédit Local de France - CAECL SA and as Agent for the private sale.

Banque Worms

The undersigned acted as advisers to the Republic of France and as Agents for the private sale.

Banque Paribas

Dillon, Read Limited

January 1988

Mexico talks down auction

By Anstele Kaletsky in New

MEXICO IS unlikely to pay its creditor banks more than 50 cents on the dollar in the \$10bn bond exchange offer which the country plans to carry out next month with the support of the US Treasury and Morgan Guaranty Trust.

sion which Mr Angel Gurria, the chief Mexican debt negotiator, hopes to create this week as he travels around the world in a series of "road shows" promoting the debt exchange to international bankers.

"The secondary market for Mexican debt has recently dropped a couple of points - bordering 50 cents on the dollar or less. And I am unaware of any other indicator to gauge the level of the market for our debt." Mr Gurria said in an interview just before leaving New York for Tokyo. Mr Garria met US bankers in New York last Friday and will be travelling on from Japan to Europe later this

He stressed that the thinness of the secondary market did not imply that Mexico should bid a higher price for its debt in the forthcoming exchange. On the contrary, it suggested that banks would probably accept lower bids from the government in order to liqnidate blocks of debt much larger than the secondary market could possibly han-

Bankers have talked of submitting offers in the 60 to 70 per cent range, substantially above the secondary market price, But Mr Gurris pointed out that "it would be very surprising if bankers suggested otherwise" at this stage, likening the period of bid preparations to a game of poker between Mexico and the

He rejected the argument that Mexico's new bonds would probably fall to a discount and that the country would therefore have to pay banks more in the debt exchange than the current cash price available in the secondary market.

"There might be some pretty wild oscillations immediately after the auction, but given our 100 per cent track record in the payment of interest and princinal on all hand obligations the bonds abould trade well after the establishment of a sound market." he said. Mr Garria conceded that one large regional US bank, NCNB, had recently found a buyer for \$105m of Mexican debt at 50 cents on the dollar. But he dismissed speculation that the buyer of NCNB's debt hoped to sell it back to the government at a

higher price. "If they intend to sell it at a higher price in the anction, they are taking a very risky action," he said. The NCNB debt sale was "a very exceptional opportunity, probably connected with Mexico's debt-equity swap Programme. Similar offers had not been found by other banks, Mr Gurria noted.

Terms set for Japanese participation

By Ian Rodger in Tokyo

THE JAPANESE Ministry of Finance has cleared the way for Japanese banks to participate in the planned suction of Mexican government bonds in March.

Japanese banks, which hold about \$10bn of Mexican government debt, will be allowed to exempt from tax any losses resulting Mexican loans into the new bonds. On the other kand. they will not be forced to Mexican loans to the expected lower value of the

An executive in Tokyo of Morgan Guaranty Trust, the US bank that has been arranging the auction, said yesterday that the ministry's move was "an enormous belp," and boped that Japanese banks would participate in the auction.

Morgan will be meeting Japanese bank executives today to explain the details of the auction. The Morgan plan, unveiled at the end of last month, calls for the Mexican government to issue up to \$10bm in new bonds in the auction in exchange for its existing bank debt.

The new bonds will be guaranteed by up to \$10bn in US government 20-year zero-coupon bonds that the Mexican government is buying for a maximum of \$2bn. The expectation is that the bonds will trade at a significant discount to face value causing paper losses for the banks, but the issue of bonds provides a way for the banks to get rid of some of their problem loans.

Sweden bucks trend with 10-year Eurodollar deal

BY CLARE PEARSON

SWEDEN YESTERDAY con- orientated sectors, such as Ausfounded the sceptics who had trahan dollars. The 81/2 per cent said the Eurodollar bond mar- issue, priced at 101% to give a ket was not yet ready for a 75 basis point differential over longer-dated bond by success- yields on US Treasury bonds, fully issuing a 10-year deal. Demand was so strong that shade outside 1% per cent fees. Merrill Lynch International, the lead-manager, increased amount by \$50m to \$350m. Yet the issue continued to trade comfortably within 2 per cent

fees at less 1% bid. This is the clear impres-A number of Eurobond issuing houses are believed to have told Sweden that investors were still too nervous of Euro- tional led the C\$130m 10% per dollar bonds to accept a bond cent deal, priced at 101% to with so long a life, despite the market's rally following encouraging US trade data. There has not been a new 10year bond since a deal for the

> European Investment Bank late last summer. But Sweden's deal showed give a yield margin of 56 basis that some investors are now prepared to extend the average lives of their portfolios by buy- was considered somewhat tight ing 10-year paper, provided the borrower's name is appealing and it is correctly priced.

The 94 per cent bond, priced at 101 to give an initial yield spread of about 75 basis points over the comparable US Treasury bond, was seen as fairly priced, although lack of supply recently meant there was little with which to compare it.

The bond came against the background of a firm Eurodollar secondary market as the US Treasury market appeared optimistic that foreign investors will participate in the forthcoming quarterly refunding auction, details of which are due tomorrow. Ten-year Eurobonds rose by about 4 point while shorter-dated issues rose by between % and % points. Chase Investment Bank launched a \$150m three-year bond for Creditanstalt-Bankverein, the seventh deal at the short end of the Eurodollar

yield curve this year. Some primary market participants said they were worried that too much paper was building up in this area, though 4% per cent issue, priced at recent bonds maintained their yield spreads relative to US Treasury bonds.

Creditanstalt's appeared to meet a fair reception, although dealers said the borrower's name was much better known in the more retail- tomo Metal Mining yesterday. quoted at less 11/2 bid.

was quoted at less 1.40 bid, a

Meanwhile, the Enropean Investment Bank's venture into the 10-year area of the Canadian dollar market met a less enthusiastic response from the market than Sweden's move in the Eurodollar area.

McLeod Young Weir Interna-

points over the reference Canadian government issue. This even though the Canadian dollar bond market, like Eurodoilars, has not seen a new 10-year issue since last summer. The bond was bid at less 2, a discount equivalent to total fees.

Bankers Trust International led a C\$75m five-year 10 per cent bond for Kansallis-Osake-Pankki, also bid slightly outside its 1% per cent fees at less 1.90. It was priced at 1011/4.

Electricite de France borrowed Y30bn in the Euroyen market, even though that sector has been overshadowed by the recent rally in Eurodoliars, while a two-tranche, longerdated Euroyen issue for Austria met little interest when it was launched last week. Nomura International, leadmanager of the EdF issue, said

retail selling of Euroyen bonds had let up now, giving the mar- at DM1.66. Dealers thought ket a stable basis - especially with the yen moving in a narrow range against the dollar. This provided a fair back-France's well-priced 54-year three to 12-month customer 101%. It was quoted at less 1% bid, a discount equivalent to rates also eased: three-month the full fees.

Nervousness about oversup-

The par-priced five-year equity warrants bond, with an undicated 5 per cent coupon, was bid at less 2, 'a point higher than its full fees. Earlier this month, new issues had traded immediately at premiums to

their issue prices. Credit Lyonnais (Australia) moved to join in Australia's bicentenial celebrations today by issuing an A\$75m three-year 13 per cent bond. But unfortunately the bond, priced at 101%, came too late for leadmanager Hambros Bank to measure the market response.

Amid continuing firm demand for Danish kroner bonds from European investors, Privatbanken led a DKr300m five-year 10% per cent deal, priced at par. It traded at less 11/2 bid compared with 1% per cent

D-Mark Eurobond prices were maintained but in thin nervous trading. Three deals emerged. Late in the day, Deutsche Bank led a DM400m 10-year 6% per cent par-priced bond for Statoll, Norway's state oil company. Earlier, the same leadmanager led a DM300m eightyear 6 per cent bond for Eurofima, the European railway equipment company, priced at 100%, which traded at less 14 bid, against 1% per cent fees. BHF-Bank led a DM150m seven-year 5% per cent issue for the Council of Europe, priced at 1004. The deal was seen as

slightly aggressively priced. It was bid at less 1% against 2 per cent fees. The Council of Europe also launched 3m warrants, split equally into two-year instruments giving a call on \$100 doilars at an exchange rate of DM1.59, and priced at DM13.50 each, and one-year warrants, priced at DM12.50, to sell \$100

priced. Swiss franc foreign bonds closed slightly firmer as large ground for Electricite de Swiss banks once again cut time deposit rates by 4 per cent. Euro Swiss franc interest rates reached 1979 levels.

both sets were attractively

Kredietbank (Suisse) led a ply in the Japanese equity war- SFr76m five-year 4% per cent rants sector did not help Daiwa bond for the European Com-Europe's \$150m bond for Sumi- munity, priced at 100%. It was

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an ad	equate secondary market.
US BOLLAR Charge do	Closing prices on January 25
STRAIGHTS Invest 100 Offer the week Yield Abbey National 74, 92	YEN STRAIGHTS bound Bid Offer thy week Yield Selgion 45, 94
American Brands 8% 92	E.I.B 45g 94. 40 967g 971 0 -05g 5.17 Elec. De France 57g 94. 20 992 1001g 0 -03 5.17
A/S Eksportsferms 74 92	Kansai Electric 45, 94
Belgium 7 92 400 11013 1013 1014 11 846 British Telecore 7 96 250 895 901 1014 11 9.37	Rep. of Italy 51, 92
British Telecom 87, 94	World Bank 512 92 50 103 1031 +012 -012 4.73 Alterage price change On day +013 on week -012
Canadian Pac 11Pa 451	OTHER STRAIGHTS broad Bid Offer day week Viets
C.N.C.A.74 97	Angen 51, 91 Fi 100 1011, 1017, +01, 5.28
Credit Lynnamic 9 91	Air Products 61 91 FL 100 +101 1011 -010 -010 6.24 Aig. Bit. Neel 51 91 FL 100 1011 1011 -010 +010 5.31
Descrark 74 92	Ale Bk. Ned 8 89 Fl. 200 1021 1022 0 0 5.45
Denumber 81, 97	BP Capital 133, 92 A5
EEC 84 % 100 .945 . 95g +01 +13 913	Creditantia 14% 90
E.L.B. 73 93	DG Fig. Co. 14 90 AS 75 +1024 1034 +04 +03 12 52
Fintand 712 93 200 9412 9412 +014 8.82 Ford Motor Cred 1115 90 100 +1054 1064 -014 -015 8.09	DG Finance 143, 92 A\$ 50 †102½ 103½ 0 0 13.35 Deutsche Back 9% 97 2 75 †99% 99% +0½ +0½ 4.93 Deutsche Bk.144 92 A\$ 100 †106% 106% +0% +1 12.12
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Volvo's Secure Return.

For the Investors Interested in Tomorrow.



Tike trucks, like shares.

Investors in Volvo trucks and shares both expect long-term, secure and profitable returns on their investment.

Volvo endeavours to meet those expectations by offering investors shares that have paid a dividend every year since their first listing in 1935. And by developing a highly competitive truck programme that today ranks

Volvo one of the top three heavy trucks in the world.

Volvo shares, now listed in key financial centers such as London, New York and Tokyo, have also increased steadily and securely thanks to the same commitment.

Since 1977, Group profits have risen fifteenfold to exceed £960 million in 1987.

Fact is, Volvo has shown a profit every year since 1932

Committed to consistently improving its result, Volvo nonetheless believes in the absolute necessity of always setting ones sight further ahead into the future.

Which is why Volvo has carefully invested in creating sound management, excellent financial strength, top labour relations and the ability to develop new products and markets.

For Volvo's Secure Return, read positive return on investment, good profits, stable production, creative management, quality employees and products, broadening operations within existing business sectors, and a commitment to the future.

Corporate Finance, AB Volvo, S-40508 Gothenburg, Sweden.

VOLVO

RHP cuts bid value on likely Burgess shortfall

BY CLAY HARRIS

RHP Group yesterday reduced the value of its agreed takeover bid for Burgess Group, another electrical engineering company, after Burgess disclosed weak trading results and financial problems in a West German subsidiary.

The revised all-share terms value Burgess at £91m, against £100m under the original offer announced on January 6. The companies said that the

main contributing factors to an expected £2m shortfall in previous estimates of \$11m pretax profits for the year to July were exceptional, and that corrective action was being taken. As a result, however, RHP will now be firmly in the man- Components subsidiary. Orders agement driving seat of what was initially intended as a Bob Morton, Burgess chairman, merger. Burgess will have only said vesterday. three seats, instead of five, on

the 11-person board. Mr William Todd, Burgess chief executive, will no longer join the board, and his planned position of operations director will not exist. Mr Adrian Weston has been dropped as a proposed non-executive director. Mr Roger Pinnington, RHP chief executive, said: "When it's His appointment as deputy

merger, you have to compro-mise. When it's acquisition, you don't." Provisional plans to call the combined group Burgess are now much less certain.

Burgess's profits are expected to be reduced by £750,000 as a result of problems in the West German offshoot of its Micro-Switch subsidiary. The general manager of the West German unit was dismissed at the beginning of December. The circumstances were still under investigation in West

Germany, Burgess said. Also leading to the renegotiation was a sharp fall in orders by the US motor industry to Burgess's American Electronic were cancelled overnight, Mr

The other problem which emerged last week was an "unfavourable sales mix" at Burgess's coin division. Orders had fallen short of target. "If any of this has been

chairman of the combined group will be unaffected by the

The new terms, which RHP presented to Burgess as an ultimatum, were agreed after a long session on Friday. Mr Morton said: "In all the circumstances, I think it's fair."

Burgess is now likely to be part of RHP for seven months of the latter's financial year to September. Yesterday's revision, which

was approved by the Takeover Panel, was the largest renegoti-ation of an agreed UK takeover since last February, when APV cut by 17 per cent the price it was offering for Baker Perkins after problems came to light in one of the latter's operations. In that case as well, the planned top management of the merged group was changed as a result of the discovery.

RHP is now to offer six of its for new higher-margin products shares for every five of Burgess's, compared with the original 13-for-10 terms. Burgess caused by weak management, shares dropped 42p yesterday that weak management will be to close at 235p while RHP attended to," Mr Morton said. shares fell 12p to close at 201p.

against the plan at an extraor-

He said: "The provisions of

dinary meeting on February 17.

the Companies Act are designed

to protect the rights of minority

Gulliver clears legal hurdle

BY CLAY HARRIS

THE COURT of Session in Edinburgh yesterday refused an application for an interim interdict to block Mr James Gulliver's proposed management buy-in at Waverley Cameron, the Scottish stationery com-

pany.
The interdict had been sought by Flaveli Communications, an Edinburgh company controlled by Mr Kevin Doyle. He said last night that he was considering his position, including a possi-

Flavell separately said it had ing and said Flavell would vote ticipate is unjust."

raised its stake in Waverley Cameron to 24.3 per cent. The shares were suspended at 445p. pending the outcome of the

Waverley Cameron said last shareholders and we cannot night: "The continuing uncertainty resulting from Flavell's result in the issue of shares to actions reinforces the unanimous view of the board that Mr Doyle is not a suitable person to be involved in the management or control of the company." However, Mr Doyle expressed

support proposals which would one shareholder at 120p a share when at the time the proposals were announced the share price was 330p. To issue shares at such a substantial discount when all shareholders are not his disappointment at the rul- allowed an opportunity to par-

Talbex falls deeper in the red

THE SECOND-HALF improvement expected by Talbex, industrial holding company, failed to materialise and full vear losses increased by 59 per cent from £806,000 to £1.28m. However, a tax credit of £83,000 and extraordinary credits of £361,000 relating to the disposal of the industrial division reduced this to £837,000 (£1.01m) after tax.

immediate expansion plans.

\$17.54m (£13.47m). Redun- year.

Reviewing the results for the dancy costs and compensation year to July 31 1987, Mr Bever- for loss of office accounted for ley Ditcham, chairman, said £70,000 (nil). Loss per share that while they were far from was 1.91p (1.33p). The adversatisfactory, the group now had tising division had again been a a strong financial base and it major contributor to the loss. was well able to finance its Action taken to tackle deficiencies in management information and accounting systems and Turnover in the latest period also to cut costs had reduced had increased 30 per cent to losses sharply-in the current

Johnson Cleaners in £3m US expansion

extending its US operations business will be integrated with with the cash purchase of three the Johnson subsidiary Dodge companies for \$5.35m Cleaners of Nashville.

(£2.98m). The group has paid \$1.5m for Duggins, Princess Rose Cleaners Duggins, which operates a large and Insty Print was \$4.66m. dry cleaning and laundry plant with pre-tax profits of in Kansas City and \$1.3m for \$963,000.

Johnson Group Cleaners is ville, Tennessee, for \$2.55m. The

In 1987 the total turnover of

Lysander in black

Directors of Lysander Petroleum revealed a first-half pretax profit - the first time the group has been in the black since its placing on the USM in August 1985. They expect the oil and gas exploration and development group to show significant progress by the year end "reflecting the true potential of the recently-acquired Crossroads Oil."

Taxable profits came out at £60,460 (loss of £38,470) on a Princess Rose Cleaners with 11 Johnson's US subsidiaries merger accounting basis for the outlets in and around Oklahoma contributed almost 30 per cent six months to September 30 of the group's turnover in the 1987. After tax of \$20,000 Johnson has also bought year to December 1986. John- (nil), earnings per 5p share

retail printer Insty Print, which son shares closed 10p up last worked through at 0.16p (loss operates five outlets in Nash- night at 430p. BOWATER INCORPORATED

A YEAR OF RECORD SALES AND EARNINGS

	12 months to 31.12.87	12 months to 31.12.85
SALES	US\$1,231.0m	US\$919.7m
INÇOME BEFORE TAX	US\$176.9m	_US\$90.9m
NET INCOME	US\$81,1m	US\$49.4m
EARNINGS PER SHARE*	US\$2.12	U S §1.49
	- the final professional strike t 1878 majorital three	*

Net Income in the fourth quarter more

than double last year's from US\$13.9 million to US\$29.6 million.

Company debt trops US\$262 million during the year. Coated paper consumption rose faster than expected; two price rises obtained in the second half of the year.

* Prices for all major product lines increased on 1st January 1988.

Chairman and Chief Executive A.P. Gammie reflecting on the company's performance in 1987, felt that "It was a fine year, a year of fruition as many of our recent investments began to yield substantial returns, helping us to achieve our planned strengthening of the Company balance sheet." Turning to the coming year he felt that there were excellent prospects ahead, commenting, "We enter 1988 with strong markets, higher prices and costs under good control."



THE AMERICAN PAPER PEOPLE WITH A SOLID BASE FOR GROWTH

Bowater Incorporated of Darien, Connecticut is the largest producer of newsprint in the USA, and a major manufacturer of coated publication paper, bleached kraft market pulp and continuous computer business forms.

R-R warns holders of excess

stakes By Philip Coggsn

SOME 2,583 foreign share-holders in Rolls-Royce, the privatised acrospace company, have still not sold their holdings and face the compulsory sale of their shares.

Government announced at the time of the issue that foreign shareholdings would be limited to 15 per cent of the equity. But it was eventually found that the limit had been passed by about 46m shares and the company told the excess kolders to dispose of their stakes.

Holders of about 31m letter was sent to the remaining excess holders yesterday saying that the last date for receipt of confirmation of disposal by the company's registrar was February 5. The company will sell any shares which have not been disposed of

Pearson

Pearson, the conglomerate which owns the Financial Times, is to redeem all outstanding bonds of the \$75m convertible 2001 issue in a tidying-up operation on March 10. More than \$50m of the bonds have already been converted into ordinary shares by investors and remaining bondholders will still be able to convert until March 2 on the original terms, equivalent to 500p a share.

Guinness buys

and spirits group, bought 6.56m of its own shares on Friday to take its holding to it is bidding \$24.4m. nearly 13.06m shares, about 1.6 per cent of the total.

The shares were bought at 285.4p, close to Friday's closing price of 286p. Guinness shares added 2p yesterday.

Guinness has refused to confirm speculation that it has entered the two-month "close season" before the publication of its results for 1987. Trading in its shares subsided yesterday to a routine 2.1m, one tenth of Friday's volume of 21m. an eight-month peak.

Duncan Lawrie

Duncan Lawrie, the private banking subsidiary of Walter Duncan & Goodricke, made post-tax profits of \$771,045 for 1987, an increase of 18.5 per cent over £650,421 in 1986.

Banking services showed good growth, but investment management had an exceptionally difficult year. Mr Nick Grant, chairman, said the group was well placed to withstand turbulent conditions in 1988 and to take advantage of business opportunities. Group assets are \$79.9m up from \$65.9m at the end of 1986.

G T Japan Invest

G T Japan Investment Trust, one of the trusts managed by G T Management, reported a fall fromm 347.8p to 311.2p in its net asset value per 25p share in the six months to December 31 1987. In the previous 12 months, the net asset value per share was 299.8p. The interim dividend is unchanged at 0.4p - last year the total was 1.7p.

Illingworth

Hingworth Morris, the wool and textiles group, has announced that Hartley Industrial Trust, is transferring its interest in 8.5 per cent of Illingworth to Walbrook investments nv at 148.5p.

stake in Cambrian A NEW investor has appeared be one major factor influencing on the scene at Cambrian & the timing of any sale of its General Securities, the former Cambrian stake.

Arlington

Aside from that interest,

further 9 per cent of the capital Mr Ivan Boesky, the convicted shares and 2 per cent of the American insider dealer. Mr Lance Lessman, together ordinary are held by Heine Securities, the New York-based with two entities which he conmutual fund group which specitrols - namely. Hope Capital alises in undervalued asset situ-Corporation and LL Capital Partners LP - has declared a 5.04 per cent interest in Cambrian ordinary shares. Mr Lessman is a New York-

UK investment trust vehicle of

based investor, and has apparently been a shareholder in Cambrian for some time but only recently raised the stake. The largest shareholder in Cambrian is The US Securities and Exchange Commission, which holds 12.68 per cent of the ordinary shares and 54.6 per cent of the capital shares. The SEC has indicated that it wants to avoid opening itself to charges of insider trading when disposing of assets obtained under its settlement with Mr Boesky - and this is thought to

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year.
Crescent Japanfin GT Japan Invstint KLP Group §fin London Shopint	0.4 8.2† 2.25	Apr 11 Mar 14 April 7	0.15° 0.4 2.5 1.55	0.4 5	0.16° 1.7 4 6.2
McKay Securitiesint New Tokyo Inv J Saville Gordon	nΠ	April 6	2 0.1° 0.3°	mī	4.2 0.1° 1.28°

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. •Unquoted stock. •Third market.

MLH REALTY INVESTMENTS VI N.V. NOTICE TO SHAREHOLDERS OF MLH REALTY INVESTMENTS VI N.V. Notice of the Special General Meeting of Shareholders of MLH Realty Investments VI N.V. (the "Company"), is hereby given. The meeting is to take place at 10.00 am on Monday, February 8, 1988 at the registered office of the company, 6, John B. Gorsira-weg. Curacao, Netherlands The agenda for the meeting has been deposited for inspection at the office of the company.

MLH REALTY INVESTMENTS N.V.
By the Managing Director

NOTICE OF INTEREST RATE To the helders of **Bank America Corporation** Floating Rate Subordinated Capital Notes Due October 1999 CUSTP# 066060 BG 8

Pursuant to the prevision of the Notes issued under the Indenture of Bank America. Corporation dated as of June 15, 1984 as amended by the Second Supplemental Indenture dated as of September 30, 1987, the rate for the period from January 22, 1988 up to and including April 21, 1988 is 8,50%. The amount of interest psyable on April 22, 1988 is U.S. \$2,148.61 for each \$100,000 principal amount of the Notes. Manufacturers Hansver Trust Company, es Calculation Agent

January 26, 1988

Christopher Parkes considers Rowntree's sale of Tom's Foods

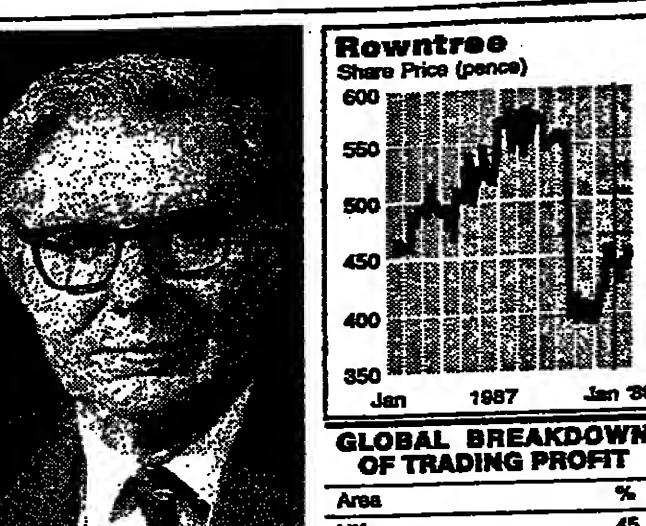
Finding a sweeter US base

THE RETREAT continues. Rowntree yesterday joined the ranks of British food companies which have seen the whites of the US enemy's eyes and not much enjoyed the experience. However, while many have given up, Rowntree will assuredly be back to try again. Even though the impending sale of Tom's Foods, crisps and savoury snack maker, will strip the British confectionery group of its largest US asset, it still has considerable holdings on

which to build. Hot Sam's corn dogs and Original cookies are selling well enough and promise to do better. The cookie klosks have even been successfully trans-planted into Europe. But the most strategically important operation is Summark, bought in.

Its position in the fragmented, high-margin sugar confectionery trade offers Rowntree a far stronger base from which to attack again than savoury snacks or chocolate ever could. Company officials claim Sunmark's Willy Wonka, Nerds. Sweetarts and other products account for more than 10 per cent of all US sugar sweets sales.

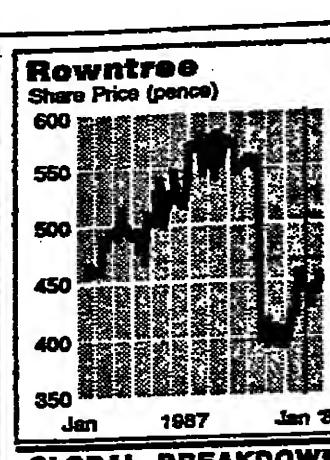
Despite its international strength in chocolate - KitKat is the second biggest chocolste brand in the world - the company has little hope of penetrating the US on any scale. Mars and Hershey control about 70 per cent of the trade. Rowntree's best-sellers KitKat and Rolo, incidentally, are held hostage by Hershey, which has and six months before he paid



Kenneth Dixon Uneasy about the US

licences to make and market £140m cash for Tom's Foods, them in the US. American companies' competitive bite, holds a further 8 per cent through Peter Paul, and Nestle has another six points of market share. The unease of Mr Kenneth

Dixon, chairman, about the US market was evident back in Contemplating his first move,



OF TRADING PROFIT

Europe North America Australasia Rest of World † 28% following sale of Tour's Foods

he said it might be possible to the chocolate giants by moving earnings in the rough ratio of into some other food sector. 40 per cent in the US and 50 However, he added, the double per cent in Europe. Selling jeopardy of mastering new Tom's will reduce the US share something he would rather per cent, but it will also yield

the southern states, its lack of ground through buying in the big brands meant the multiple less fraught sugar confectionretailers were not interested, ery sector.

national distribution was accordingly difficult to obtain. and the company found itself stuck in a retailing niche where it was dependent on small shops and vending machines. Life was made even more uncomfortable as major spack makers, such as Pepsico with its FritoLay brand, moved in on the regional and niche markets. Cost-cutting experts were shipped from headquarters in York, new distribution systems were installed, fresh management arrived last year, and although Tom's produced steady cash returns, it simply

expertise. The simultaneous suction of Rowntree Snack Foods in Britain - formerly Sooner Foods, and best known for the Murphy's and Riley's crisps. Nik Naks and Groovers underlines the group's decision to concentrate its production and marketing skills on what it knows best: branded confectionery and specialist confectionery retailing.

refused to grow. Efforts to make it develop were diverting

too much management time and

Global strategy remains unchanged. According to Mr Nick Nightingale, company acc-Cadbury, which has felt the side-step confrontation with retary, the target is to balance products in a strange land was from about 33 per cent to 25 substantial funds to back the Although Tom's was strong in drive to recover this lost

Reorganisation

of KCA capital

ECA Drilling, the oil services

company, has announced pro-

possis for a reorganisation of

capital aimed at restoring the

ability of the company to pay

dividends on profits earned

The proposals involve reduc-

planned

after the end of 1987.

Dobson attacks MS figures

pany, yesterday attacked the had nearly halved, with the in the right direction." erratic profits performance and prospect of a another fail of Guinness, the brewing low dividend yield of MS Interand electronics group for which

> In its official offer document. Dobson Park also argued for net extraordinary charges over the "clear and compelling the period amounted to more price. industrial logic" of combining the two companies to create a ings. It estimated MS's gearing broadly based UK mining at 96.4 per cent at May 2 last equipment group with expan- year. ded defence and industrial eleci tronics interests.

BY PHILIP COGGAN

cent of the equity, at 52p each,

giving the group a market capi-talisation of £11.8m.

The first in Shops operation

was set up by Mr David New-

BY NIKKI TAIT

Considering MS's record over borrowing was still too high 90p.

pany was successful. in two of the five years, and

than three times post-tax earn-

In Shops, a company which man and Mr Alan Fitzpatrick in charges except energy costs,

operates shopping centres for Sutton Coldfield in 1976 when a which are separately metered

main market. Albert E Sharp is ers. The company now operates In Shops made pre-tax profits

placing 6.41m shares, 28.2 per 24 such centres, divided into of £920,000 on turnover of

1,800 individual units, of which £5.93m; it is forecasting pre-

just 29 were empty at the end tax profits of £1.2m in the cur-

which covers all occupancy the placing price.

Retailers pay a licence fee on a prospective p/e of 13 at

small retailers, has announced retail store was converted into and charged.

New US investor takes

Dobson Park Industries, the the past five years, Dobson despite the sale of assets. "The diversified engineering com- Park said shareholders' funds important thing is, it's moving "Nothing here frightens me nearly 15 per cent if a war- whatsoever, in fact I'm national, the mining equipment ranty claim against the com-delighted it's going to be such and electronics group for which pany was successful.

an easy battle, said Mr Bell, There had been pre-tax losses who pointed to the widening gap between the Dobson Park offer and his company's share

With Dobson Park shares 2p | tion and cancellation of the lower yesterday at 103p, its company's unquoted deferred shares-and-cash offer is worth share capital and a reduction of 91.5p, compared with MS's the share premium account. Mr Michael Bell, MS chair- market price of 110p, up Ip. The scheme would not affect man, admitted last night that There is a cash alternative of

rent year. That puts the shares

Electrocomponents

Electrocomponents, elec-tronic and electrical distibution

group, is strengthening its deco-

rative lighting business with

the acquisition of Nuthall

Lighting for a maximum con-

privately owned group of com-

panies. Taxable profit in the

year to March 31 was £851,000.

three year service contracts.

Nuthall is a Midlands-based

sideration of £7.7m.

£7.7m expansion

ordinary shares. Theme calls off takeover In Shops valued at £11.8m

bid for clubs

By Heather Fermbrough Theme Holdings, Londonbased leisure group, has called details of its placing on the an indoor market for 47 retail- In the year to March 31 1987, off its proposed takeover bid for Miss World Clubs, the Business Expansion Scheme company which operates two members-only social and health

> Theme blamed "certain misunderstandings that occurred concerning information passed between the companies." These concerned the membership of the Heathrow club, the most attractive venue to Theme. Mr Chris Norland, executive deputy chairman of IFICO. Industrial Finance and Investment Corporation, a sponsor for Miss World Clubs, said that "the people who were going to be involved in the day to day running of the business were getting on very well up until the first press release. Shortly afterwards, that relationship

turned sour. He added that Miss World The managing and production Clubs, which lost £284,000 in directors have entered into the year to March 31, must look at other alternatives. "No business can carry on losing Electrocomponents is paying money," he said. 25.6m in cash and issuing \$1m Miss World

Miss World Clubs raised Arlington Securities has worth of 5 per cent convertible money under the Business bought Joshua Taylor, the stock A further payment of up Expansion Scheme in November family-owned Cambridge to \$1.1m will be due in June if 1985 when the Miss World department store, for \$4.15m in. Nuthall achieves pre-tax profits Group became a principal

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TI sells US offshoots for \$200m

E TOP

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nisation

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calls

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clubs

Server services

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CASS MESS

TI Group, British engineering suggested that the six engineercompany, yesterday announced ing companies within Houdeille
that it had sold the six periph—which did not fit with the UK

buying the six companies
The UK group

that it had sold the six peripheral businesses acquired as part of its \$500m (\$281m) acquisition of US-based Hoadaille Industries, for \$200m in cash.

At the time of the deal amounced in late August. Timade clear that its interest lay in Hoadaille's John Crane businesses, the world's largest manufacturer of mechanical seals.

The \$500m paid for Hoadaille was enable up of \$112m for the issued share capital—financed by a vendor placing—and the assumption by TI of \$388m of borrowings. At the time, TI will receive \$2m-ing, an improved cash flow and borrowings. At the time, TI will receive \$2m-ing, an improved cash flow and borrowings. At the time, TI will receive \$2m-ing, an improved cash flow and day.

The investor group which is buying the six companies includes a management element. Before TI arrived on the still ploughing on with its still ploughing on with its still ploughing on the still ploughing on the

from which to pursue other

London Shop rises 29% to £4.9m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

are in retail property but which also has office and housebuildprofits and raised its interim

Taxable profits for the six months to October 31 were \$4.9m compared with \$3.8m in the same period of 1986 and £8.4m for the full 1986/87 year. Earnings per share rose to 5.8p (4.6p).

B&D has

Dee shares

Barker & Dobson, the sweets

larger. Dee Corporation,

announced that it controlled 2.7

by yesterday's second close.

February 5 - day 46 of the bid.

cent) come through acceptances while 4.6m (0.5 per cent) is

actually owned by the bidder.

Because of the relative sizes of the two groups, B&D is mable to purchase further shares

through the market.

cent of Dee's shares.

Freemans

says yes to

Sears bid

Freemans, the mail order group, has bowed to the inevitable and decided to recom-

mend shareholders to accept

the £477m bid from retail giant. Sears. The board says it will

write to its shareholders

On Friday - the bid's final

Included in that was Sears! own

remain open for acceptance.

Molinare Visions, in which W.H. Smith subscribed for a

controlling interest last May, returned to profit in the 11 months ended November 30

The USM quoted group,

Molinare holds

recovery trend

Of the 24.26m shares controlled by B&D, 19.6m (2.2 per

2.7% of

By Nikki Tait

which is 0.7p higher than last year. The board has decided to

But Mr John Bushell, chairman, said that the group expected to match last year's final dividend of 4.65p, opening the way for at least 6.9p for the year or 11.3 per cent more than

So far London Shop has seen

The housebuilding market in East Anglia, London Shop's main area of revenue operations, has held up since October, although Mr Bushell thinks it may be about to level

had enjoyed an excellent first

The recent sharp fall in share

prices had had its effect on the

London Shop, the property Shareholders are to receive conditions since the collapse of London Shop is warning company whose foundations an interim dividend of 2.25p, the stock market. With the aid shareholders, however, that of contributions from new property trading profits, which acquisitions, net property reve- in the first half amounted to ing interests, yesterday - lift the proportion paid at the announced a 29 per cent interim stage.

In the second half should £759,000, were likely to be less top the £7.16m earned in the in the second. The group has first half.

But Mr John Bushell chair.

The first half. disposed of a number of properties in its portfolio and has diminished the stock it wants to sell. This year, however, it has been a net investor and earlier this month announced a series off. It produced \$1.1m in the of purchases totalling \$10.7m first half, against £822,000 last to provide an initial yield of 8.5

£509,000 (£370,000).

The property investment

division had shown a 13 per

cent increase in profits, and

during the second half should

see a sharp increase in rental

income as a result of recent

acquisitions and profits on the

sale of completed development

projects and certain investment

1.094p (0.915p) after tax of

Earnings worked out at

properties are anticipated.

£571,000 (£532,000).

no change in property market time. Saville Gordon advances 15%

J Saville Gordon Group, the of £2.79m net relating to prof- higher level of activity showing Midlands-based property inves- its on the sale of the group's a smaller profits rise to tor, metal merchant and securi- holding in Duport. ties dealer, increased pre-tax Mr John Saville, chairman. profits 15 per cent to \$1.63m said that the pipeline equipfor the half-year to October 31 ment and stockholding division

Group turnover more than half and buoyant trading condidoubled from £19.59m to tions were continuing. The and supermarket group which \$40.05m, mainly due to extra metal trading and processing is waging a £2bn bid battle for activity in the securities and division had also seen better control of the substantially commodity division amounting trading conditions in the first to £24.09m (£4.38m). An six months and demand interim dividend of 0.33p is remained at a high level. per cent of its target's shares declared, compared with 0.3p adjusted for scrip. The offer is being extended to Last year's £1.42m profit was securities and commodity trad-

before an extraordinary credit ing division, with a much

Aurora extends range by £6m Westpark buy BY CLAY HARRIS

At the first closing date two Aurora, the Sheffield-based weeks ago, B&D had accepengineering company, is extendtances from holders of 1 per ing its diversified product range through a .26m acquisi-Yesterday, the new level of tion. The subject is Westpark, acceptances was again critiwhich owns the Trullo compacised by Des. They can't have got much encouragement," comnies which were part of Wilmot Breeden until its takeover in mented Mr Alec Monk. Dee's 1979 by Rockwell International, chairman and chief executive. the US aerospace and electron-"This present offer elearly isn't of interest to the institutions."

The £6m in cash to be paid Dee is expected to produce a current year profits forecast by Aurora compares with the \$6.8m price-tag when Westpark was created in a management buy-out from Rockwell in 1980.

The Truflo companies in the UK and Belgium make high-performance marine and industrial valves, high-alloy fabrications for aerospace and gas turbine uses and vehicle and industrial

In 1986, Westpark reported pre-tax profits of £1.07m on turnover of £15.5m. At the end of 1986, it had net assets of

The agreed price is believed to be about 25 per cent below the figures being discussed before the October crash, when. negotations were interrupted.

Although the transaction is for cash, it will require the approval of Aurora shareholders because of the presence of Electra investment Trust as a 19.1 per cent shareholder in Aurora and as an original backer of the Westpark buy-

Aurora's scrutiny of Westpark's books discovered that \$650,000 in preference shares had been invalidly redeemed (because insufficient reserves existed) in 1983. Previous hold-'ers are expected to repay this figure to the company, and the shares will be treated as if they had never been redeemed, intervening interest and dividends having cancelled each other

Berisford confirms lower stake in cocoa venture

BY CLAY-HARRIS

close - Sears announced victory, having gained control of 56 per cent of Freemans equity. S.& W Berisford, the sugar over the next two years under a refiner and commodities trader, trade name licence deal. 29.9 per cent stake.
The bidder, who has already declared the offer uncondisaid yesterday it owned 25 per cent of a cocoa-processing partnership with W R Grace, the US conglomerate, which has tional in all respects, was offer-ing 315p in cash with a loan note alternative, both of which finally been completed after seven months of negotiation. The reduction from the originally planned 32 per cent stake had been forecast earlier this month. Berisford's stake in Grace Cocoa directly reflects the proportion of its contribu-

tion of assets to the venture. Berisford is also to pay Grace 10 per cent of world cocoa-pro-a total of up to \$2.9m (£1.63m) cessing capacity.

McKay Securities ahead

which serves the radio and television industries, has produced based property investor and \$2.03m (\$1.93m). Share of a pre-tax profit of \$320,000, developer, reported pre-tax profit of associated companies profits up from \$1.32m to contributed \$20,000 (\$227,000). profits up from \$1.32m to contributed \$20,000 (\$27,000). \$1.43m in the six months to Direct property outgoings end-September. took more at \$839,000 year 1986. Some £300,000 was earned in the last five months.

trading results after allowing interim payment. for normal seasonal downturn. The outcome was achieved on After tax of £388,000 Turnover in the 11 months gross rents and receivable ser- (£346,000), earnings per 20p amounted to £18.58m (£10.97m vice charges amounting to share worked through at 4.7p £2.87m (£2.61m), and income (4.4p).

The current accounting the interim dividend is set at (£678,000), while administrateriod runs for 17 months to 2.3p (2p) and the directors, tion and other expenses stating expectations of a accounted for £323,000, up with W.H. Smith) and for the favourable second half, fore-from £276,000 last time. Interest of the period the directors cast that the final dividend est charges, however, were said they expected satisfactory should at least match the reduced at \$299,000

SHARE STAKES

acquired a further 212,161 est to 11,600m shares (11.6 per CHANGES in company share shares, bringing its total hold-cent).
ing to 1.03m shares (8.78 per stakes announced over the past week include: National Home Loans Cor-C A Sperati: Mr C.L. Barnard ments now bolds 2.24m shares poration: Bank of Kuwait nominces have sold 1.1m shares at has reduced his beneficial inter- (9.4 per cent).

75p each, bringing their holding to 3.27m shares (5.07 per cent). G.T. Japan Investment Trust: The Kuwait Investment

for year).

Kuwait Investment Office has increased its interest from 325,000 to 3.4m shares.

Linread: Anochrome Hold- Agency. Finant, Floges, Oeprey Communication, Practical Investment, Press Tools, Martin Shelton, 325,000 to 3.4m shares. ings, a private company, has John D. Wood

BOARD MEETINGS Office has reduced its holding to 4.55m shares (14.59 per to 4.55m shares (

or lines and the sub-divisions shown below are

I-male- Hush and Tompkine, Westminster and

Pathfinders: Cleves Invest-

Britoil says BP offer still too low

By Steven Butler

The board of Britoil, Britain's largest independent oil company, yesterday formally rejected BP's improved offer for the company, and said that at 500p per share, the BP offer still undervalued Britoil's

Talks were understood to be taking place with several potential "white knights" who may be in position to put in a higher offer for the COMPANY.

Oil industry analysts were skeptical that another bidder would be found at this late date to top BP's latest offer, which was announced Friday after Atlantic Richfield indicated that it intended to accept the BP offer for its 24 per cent stake. Arco, however, is not under binding commitment and would be free to accept any higher offer.

continuing to seek clarifica-Britoil board.

it would prevent any bidder from gaining control of the company, although it is unclear precisely what this means for Britoil's future management. Government control of the company would be particularly awkward should BP succeed in gaining control of 100 per cent of Britoil.

on February 4.

Capel report cuts Tricentrol asset value as Elf extends bid

BY STEVEN BUTLER

company, until February 12, position.

Mr John Tylor, of Samuel and issued an independent By substituting a 15 per cent Montagu, which is advising Elf, report on Tricentrol that valued discount rate on future cash said that the report aimed to

Britoil said that it was

tion from the Treasury as to precisely how the Government would use its "golden share." which allows it to prevent BP from gaining control of the The Government has said

The Treasury, however, is thought unlikely to clarify its position further until closer to the expiry of the BP's first offer for Britoil Elf Aquitaine, the French oil per year in real terms after the a range of value on the Tricengroup, yesterday extended its early 1990s on acreage that the trol assets of between 16p and 145p-per-share offer for Tri-company did not yet own, thus 121p, with 68.5p the arithmetic central, the UK independent oil improving the company's tax mean.

the company at 68.5p per flows from oil and gas fields, replicate the exercise personance.

The report, prepared by the Petroleum Services Department of James Capel, savaged the assumptions underlying an earlier report on Tricentrol prepared by industry consultant ERC which valued Tricentrol at 234p per share.

Specifically, Elf said 65p per share of asset value had been added by an assumption that over the next five years.

discount rate on future cash replicate the exercise performed by ERC while plugging in more realistic assumptions. Mr Tylor, however, acknowledged that Tricentrol was worth far more to Elf than the valuation mean specified in the James Capel report.

"Elf is willing to pay a premium over the discounted cash flow because it is in this for the long run," he said.

Tricentrol shares yesterday added by an assumption that over the next five years.

Tricentrol shares of the James Capel report puts closed off 4p at 157p.

Mr John Tylor, of Samuel

Tricentrol shares yesterday

KLP up 17% after Asda costs

BY ANDREW HILL

KLP Group, independent the tax charge 55 per cent to day. KLP executives were sales promotion company, yes- \$884,000. terday announced pre-tax profits of \$2.45m for the year to short by the stock market when the settlement was September, up 17 per cent on 1985/6, despite the cost of its two-year legal dispute with Asda, the retail group.

The dispute was settled amicably just before the year-end and KLP issued credit notes totalling £340,000 to Asda. The retailer paid the balance of its disputed account and withdrew its claim for additional damages of £773,000 against KLP.

Legal fees and the cost of the settlement wiped about £400,000 off the pre-tax profits. A further £200,000 was written off against acquisition advisors' fees and the cost of setting up two new subsid-

iaries. Major purchases during the. year nearly doubled the company's net assets to £12.4m the US and France also lifted company's market value in a attractive.

crash. The cost of suspending announced in September. Since takeover deals and of closing then the crash has done its down a Canadian direct market- worst - last night shares stood ing subsidiary contributed to an at 260p compared with up to extraordinary loss of £140,000. 512p before October 19 - but

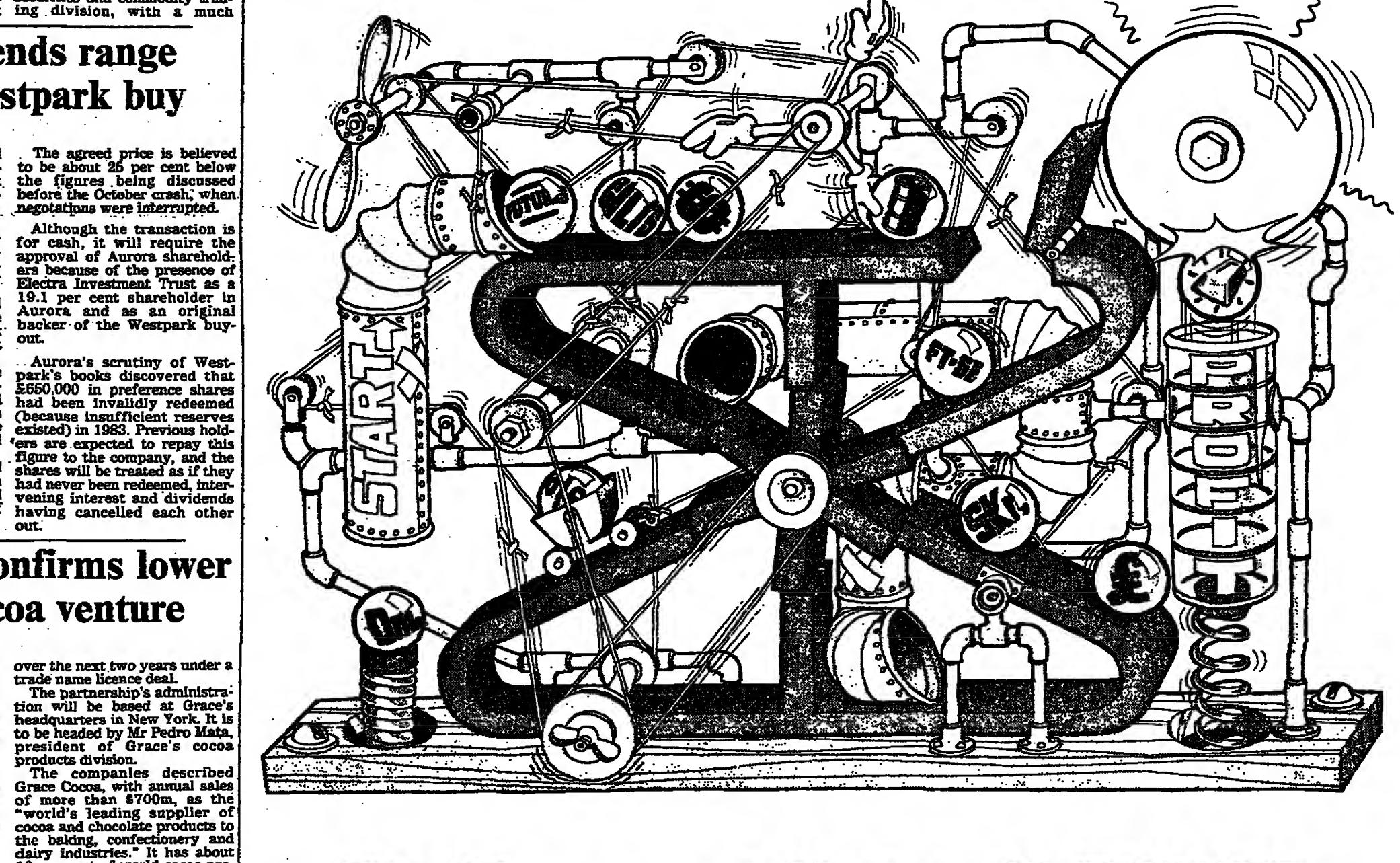
hopes to expand further in day's figures. Direct mailing. Europe and the US. stop just because the market resist any recession and KLP has stopped," said Mr Colin hopes to improve its database

to £34.5m (£29.1m) and a final of sales promotion rests - which dividend of 3.2p makes a net 5p should provide further secu-(4p). Earnings per share rity. The company says it has dropped to 18.56p (20.29p).

comment

(£6.9m). The profits include a that Asda was seeking damages from last year's purchases three-month contribution from for a store promotion which promise pre-tax profits of new US subsidiary Comart allegedly went wrong, share- around \$4.5m. KLP shares on a Associates, but purchases in holders wiped \$3.2m off the prospective p/e of about 9 look

understandably irritated that Further expansion was cut the reverse failed to happen KLP, which achieved a full the company seems to have listing last June, is now renego- mopped up the worst effects of tiating the suspended deals and both misfortunes with yestertelephone marketing, and in-"We don't see any reason to store merchandising should Lloyd, chief executive, yester- technology - the means of storing the lists of our names and Turnover for the year was up addresses on which the success Som cash to hand for small purchases, and these will continue to improve its international profile. Further acquisitions When KLP announced in 1985 and a full year contribution



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Charles Hodgson on the progress of Soviet farm reform

Gordachev's agricultural gamble

THE ANNOUNCEMENT by the Soviet Union at the weekend of the second grain harvest above 200m tennes in the past two years provides some encouragement for Mr Mikhail Gorbachev, the Soviet leader, in his drive to overhaul the country's chronically under-performing agricultural sector. The harvest, 2: 211.3m tennes, was in line with previous Soviet and US estimates, but follows a particularly harsh winter and wer summer that tadiy hampered seeding and harvesting. It was the fourth to results. The teams agree on largest harvest in the country's history and comes on top of an impressive 210m tonnes in 1986. Overall, however, the 1.8

per cent rise in total agricul- or sell it to the collective at a rural output in 1987 was disap- bonus price. Collectives themprinting following the 5.1 per selves will be allowed to sell up cent advance achieved in 1986. Although Western analysts remain cautious about the Soviet Union's ability to maintain and improve on these figures, especially in the light of reports that preparations for this year's spring plantings are already lagging, some suggest that the first results of Moscow's bid to increase efficiency in the farm sector may be feeding through.

Mr Gorbachev, who holds a degree in agricultural science and was in charge of Soviet agriculture from 1979-83, has stressed the importance of tackling the country's stubborn focd supply problems within his overall economic reform programme and recently promised to "open all doors" to farmers willing to take up the chal-

The Soviet leader is taking a political gamble on achieving a speedy breakthrough in agriculture to satisfy consumers who will have to wait longer to feel the benefits of reform of the

country's industry. He has announced a series of measures designed to give farm workers greater incentives to increase productivity and yield and raise the quality of their

In doing so. Air Gorbachev has reached back to the roots of communism to revive the Leninist notion of the collective farm as a voluntary self-governing co-operative based on traditional peasant family-oriented farming, while stressing that he

BY JAMES BUXTON IN EDINBURGH

THE GOVERNMENT is to allow

of the peatlands of Caithness

Mr Malcolm Rifkind, the Scot-

tish Secretary, said yesterday

that the Government agreed

with the NCC, its conservation

advisor, that much of the area

- known as the Flow Country -

was of national and interna-

tional importance to conserva-

tion. The area is rich in rare

the area to cease.

vegetation and birds.

in no way intends to undermine able to rely on heavy state subcollectivism, brutally imposed sidies. by Stalin in the 1930s at the cost of millions of lives.

ference, probably in March, is centralised system, the scope to encourage yet wider use of for material incentives and the "team contract" farming individual initiative is smoth-system, under which groups of ered. workers, often extended families, rent plots of land on collective farms, to which they sell their produce, with income tied the level of output they are to deliver to the collective and then either keep the surplus to sell at the higher market price to 30 per cent of planned production of fruit and vegetables in the semi-free markets. Collective farm workers will be able to use machinery and

pastures owned by the collective for private gardening and livestock rearing. In addition, farm workers are being better educated in rational use of fertilisers and pesticides. Collectives are to be allowed to rent, lend or even sell farm

equipment and machinery and buildings and to make work contracts with labourers. They will also be permitted to set up food-processing plants and con- of crop losses, waste and shortclude their own trade agree- ages in the shops. It is estiments directly with agricultural mated that up to 30 per cent of co-operatives in the East bloc, developing countries and the

of central control.

country's industry. Collectives put to the collective. will be responsible for paying

tree-planting to resume on part apply to the entire area of Parliamentary answer, that fol-

last year by the Nature Conser- order to contribute to the by Highland Regional Council,

Previous High/Low

1165 1135

referred back to the NCC.

COCOA 2/tonne

Close

Scottish forest plans given go-ahead

But this consideration did not - Mr Rifkind said, in a written

about 400,000 hectares, he lowing more detailed studies by

said. Tree planting should con- the NCC and a report from a

of Scotland, in spite of a call tinue in part of the area in working party set up last year said he welcomed Mr Rifkind's

vancy Council for planting in national tree planting pro- planting on about half of the common sense and compro-



Mikhail Gorbachev: needs a speedy breakthrough

ductivity concerns, contributes substantially to the high level some crops (and 50 per cent for tables to rise. potatoes) is lost between the field and the market place.

Collective farms will be The tiny private sector pro- gramme will have increased allowed to produce badly vides a remarkable contrast. both the supply and variety of needed building materials or Over 25 per cent of the coun- goods in the shops so that conconsumer goods, once they have try's food supplies are pro- sumer discontent may be eased. fulfilled their commitments to duced on the less than 3 per Western experts detect signs the state and will have a cent of land farmed privately. of a new mentality abroad greater degree of responsibility. Mr Gorbachev is seeking to among soviet farm workers and for setting their own produc- encourage private farming by say they are beginning to take tion targets, loosening the grip allowing city dwellers to rent up Mr Gorbachev's challenge. The sting in the tail for farms on condition that they turn strangers to being hostage to is the same as that facing the over a proportion of their out- factors beyond their control,

cost-accounting basis, no longer largely on desperately needed genuine lasting improvements.

tion between the NCC and local servation importance

improvements in agricultural infrastructure. Grain silos and Behind the programme lies a storage facilities, as well as recognition of the need to grain dryers and food process-The key element of the Gorb- encourage farmers to feel more ing plants, are inadequate. The achev reforms, drafted earlier responsibility for their produce. country's rural road system is this year and due to be dis- Soviet planners now concede appalling, and there are concussed at a collective farm con- that, under the existing heavily stant shortages of spare parts and even fuel for farm machin-

> There is no point improving production if this infrastructure is missing, and a major investment programme will be required. Soviet agriculture already swallows about 30 per cent of total investment and food subsidies account for some 60bn roubles a year, or 15 per cent of the state budget.

To offset this crippling subsidy burden, some form of price reform will have to be introduced alongside efforts to improve efficiency and secure more rational use of resources. Mr Gorbachev has announced that producer prices are to remain stable under the present five-year plan, which runs to 1991, while bonuses for aboveplan production will be main-

tained Sconer or later, Mr Gorbachev will have to face up to the potentially explosive issue of raising consumer prices, many current system, based on plan- of which have remained fulfilment above quality or pro- unchanged since the 1950s. He may soften the blow by holding down the price of staple products, like bread, dairy products and meat, but allowing prices for others, like fruit and vege-

But the Soviet leader is hoping that by then his reform pro-

disused farm houses and plots Farmers worldwide are no such as the elements and soil The team contracting system conditions. But Soviet farmers their own way in foreign trade has already proved attractive. suffer additionally the leaden agreements and activities out- Western experts estimated that weight of bureaucracy and the side the state plan. So trade 76 per cent of the country's often crippling shortages of ventures will not be bailed out agricultural labour force is now basic tools to do the job. As by the state. According to the working under the system and with Mr Gorbachev's wider Soviet press, 33 per cent of the they say that productivity is reform programme for the country's 27,000-odd collective improving. But the success of Soviet economy, these factors farms are now operating on a the entire programme hinges may yet combine to scupper

Yesterday Mr Robert Cowan.

chairman of the Highlands and

Islands Development Board,

statement as "a victory for

Cadmium reaches 13-year price peak By Kenneth Gooding, Mining Correspondent

THE PRICE of Cadmium reached a 13-year peak of \$3.39 a lb in free market trading yesterday, a rise of 24 cents on Friday's level. The metal's price was subsequently indicated in the range \$3.35 to \$8.45.

Underlying the sharp jump, which has seen the cadmium price up from only 87 cents last January, is continuing strong demand from Japanese producers of rechargeable nickel-cadmium batteries.

In the first nine months of 1987 Japan used 1,800 tonnes of cadmium, nearly as much as the 2,000 tonnes consumed in the whole of

the previous year. The battery industry now accounts for more than one third of cadmium consumption, having overtaken the more traditional applications such as use in pigments, alloys, plating and stabilisers.

There was a pause in the upward price spiral just before Christmas as weak holders of cadmium took their profits after the metal reached \$3.20.

Mr Nick French, a director of Wogen Resources, the London-based minor metal traders, suggested last night that the cadmium price might eventually stabilise at \$3.50.

Cadmium is a by-product of zinc and trade sources suggest that the renewed upward price movement has been helped by Vieille Montagne, Belgium's biggest zine producer, which is thought to have contracted to deliver substantial tonnages of cadmium to Japan and has been buying in the market to cover some of its commitments.

The bullish sentiment has also been encouraged by strong demand from the Soviet Union and a fivemonth shutdown for refurbishment of the Zhu Zhou zine plant in China which has had the effect of temporarily eliminating one of that country's two major cadmium producers and exporters.

Minor metals' prices are notoriously volatile. For the buyer they usually represent a very small proportion of final product costs while for the producers they are generally by-prod-

gramme and to maintain local employment in forestry.	planting on about half of the unafforested part of the Flow Country – now amounting to	serve about 200 forestry-re-	LARE WAREHOUSE STOCKS (Change during week ended last Friday) tonnes
ing four applications for afforestation over about 2,500 ha on the fringes of the Flow Country – currently blocked by the NCC's objections – to go ahead. Three others in the heart of the	350,000 hectares - might be banned. The NCC's call for a ban on further planting provoked severe criticism in the Highlands, because of the threat it posed to the local economy and because of the lack of consulta-	Mr William Wilkinson, chairman of the NCC, said he welcomed the Government's recognition of the importance of the peatlands. The NCC would be identifying areas of high con-	Aluminium standard +1,500 to 28,025 Aluminium high grade -2,925 to 39,800 Copper -5,525 to 45,300 Lead -900 to 12,350 Nickel -222 to 2,904 Zinc -1,250 to 41,550 Tin -50 to 19,280 Silver (oz). +40,000 to 19,770,000

WORLD COMMODITIES PRICES

German EC farm reform plan puts pressure on MacGregor

BY TIM DICKSON IN BRUSSELS

Impasse! Use of these over- Farm Council. The Commission worked Brussels cliches to sum had reacted with scepticism to up the weekend labours of previous West German Govern-Europe's Farm Ministers dis- ment attempts to water down guises an important shift which its stabiliser mechanisms but has just taken place in the while disputing several detailed negotiations and which could aspects of Bonn's new text. Mr yet be decisive to the final out- Andriessen made clear that he come of the current chapter of thought it was the basis for dis-Common Agricultural Policy cussion.

political agreement on the much-discussed package of bud-get "stabilisers". Mr Ignaz Kiechle, the bluff, sometimes bullying West German Agriculture Minister has in the past few days managed to deflect attention from his own intransigent stance on cereal price cuts and put the spotlight firmly on those like Britain which are maintaining a more rigidly market-oriented approach

Mr Kiechle's public relations are certainly heavy-handed and his efforts to claim broad consensus for his ideas are at best naive, at worst nakedly dishonest. Britain's Farm Minister Mr John MacGregor, moreover, is convinced that he is morally and politically right not to fudge the issue at this stage; and everyone knows that if necessary Mrs Thatcher can- supported Mr MacGregor's deep block the farm proposals along reservations. The German with the whole package of EC long term financial reforms at changes in three key areas: next month's emergency Summit of heads of Government in

lomats in dispelling the lingerawkward member.

The most significant developof Mr Frans Andriessen, the ity increase). EC's Ariculture Commissioner, to the compromise paper presented by Mr Kiechle in his propose decreases in the intomorror's issue.

DEADLOCK! Stalemate! capacity as President of the

Only the Netherlands and While there is no sign of a (more ambiguously) Belgium



paper compromise spells out

aside" plan. • For cereals the guarantee There is a difference, how- threshold (or production target) month's Copenhagen Summit, and the Netherlands insist on of the good work of British dip- sponsibility levy (or output pick up the balance). tax) of up to 3 per cent in the ing suspicion in Brussels that first year and would only be ent blessing and for a trial Britain is still the EC's most followed by cuts in the guaran- period of two years the Bonn teed price the in following marketing year and then up to a low grazing, that is to say ment of the weekend was the ceiling of 2.5 per cent (equiva- allowing farmers to use the surprisingly friendly response lent to the long term productiv- areas set aside for grass and

The Commission wants this raised to 3 per cent and would Viewpoint article will appear

so-called monthly increments to send a more immediate price signal to farmers. Mr MacGregor, however, rejects the Presidency approach

as being "an meffective stabi-· For oilseeds and protein products the Germans have proposed that the guarantee thresholds should be fixed at 4.5m tonnes for rapeseed, 2m tonnes for sunflower seed. 1.3m. tonnes for soyabeans, and 3.5m tonnes for proteins (the first two figures exclude Spain and Portugal). These are higher than the Commission would like but Mr Andriessen seems prepared to live with them. Where these limits were

exceeded prices would be cu! by 0.4 per cent for each I per cent overshoot in production and without any ceiling on the size of the cut.

Mr MacGregor conceded that there had been "some progress" in Sunday's discussion of this sector but that it did not yet go far enough. Mr Andriessen said he wanted a 0.5 per cent cut for each I per cent overshoot.

On acreage set-asides the German paper barely molifies the Commission's original ideas. But, significantly, it acknowledges that set-aside - essentially paying arable farmers to take part of their land out of production - would be "complecereals, oilseeds and the set mentary to market policy measures". Compensation, however. could be paid up to Ecu700 (\$480) per hectare in special ever, between doing this sin- would be set at 160m tonnes for circumstances - the previous gle-handedly and (as at last the next three years - Britain ceiling was Ecu600 - and the Community budget's contribufor example) being among a 155m, but the Commission tion would range from 70 per clear majority of member would settle for 158m. Penal- cent for the first Ecu200 to 15 states. A solo effort might be ties for any production above per cent for anything between popular for Mrs Thatcher at that limit would be applied Ecu400 and Ecu600 (member home but it could destroy much through an additional co-re- state budgets, of course, would

With the Commission's apparpaper reinstates the idea of [alother fodder crops. John Cherrington's Farmers'

Biffex to launch spot month trading BY DAVID BLACKWELL

fex) is to introduce spot month month of the year. offer investors greater flexibil- launched on May 1 1985. "We

ity in dry cargo futures. intervening months, with settle- the year. ment at the end of the month.

with their activities in the worth \$10 each. physical market. It would also The Biffex management com-

THE BALTIC International offer the speculator a futures Freight Futures Exchange (Bif- market settlement date every trading from July 1 in order to The Biffex contract was

haven't touched it since," said At present the eight quarterly Mr Carter. "It has been a tre-Biffex contracts are settled at mendous success." However, a the end of January, April, July contract for tanker cargoes, and August. The spot month launched in February 1986, contracts will apply to the was closed down by the end of

The dry cargo contract is Mr Stephen Carter, chief based on the Baltic Freight executive of Biffex, said yester- Index, which is compiled daily day the innovation would give by eight panellists on the basis investors a lot more flexibility of 13 shipping routes. Each in marrying a futures hedge traded lot is measured in points

CRUDE OIL (Light) 42,000 US palls \$/barral

continue trading in half points from July 1. Both the settlement price of futures contracts and the index will be calculated in whole points. The market enjoyed a bull

mittee has also decided to dis-

run at the beginning of this year, with the index, which stood at just over 700 a year ago, breaking through the 1,400 barrier for the first time. Yesterday it closed at dwon 6 points at 1,394.

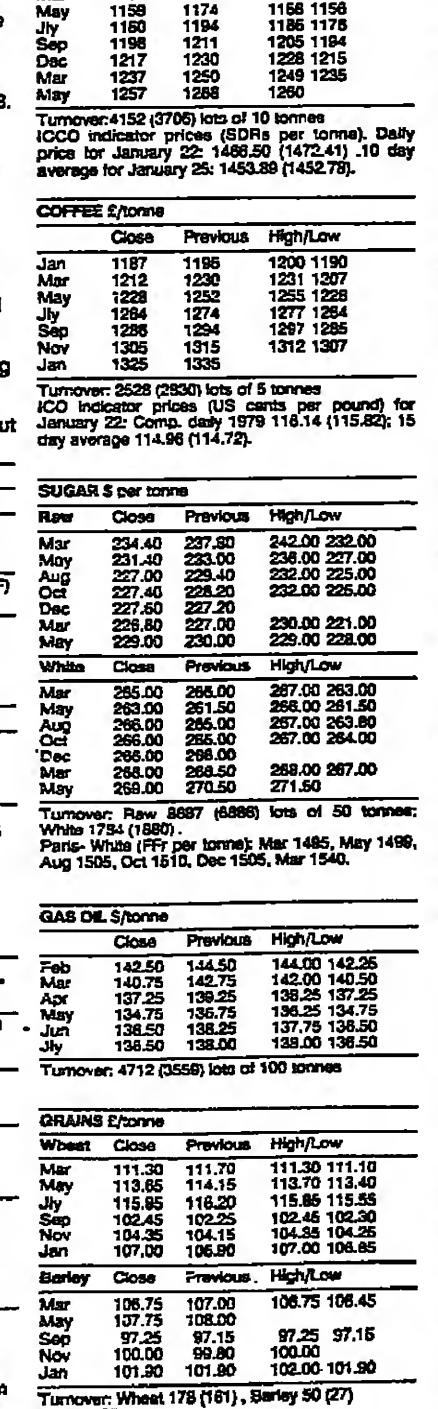
Dealers said the bull run appeared to have peaked, and the second position futures contract fell to 1,409 points from 1,432 points.

LONDON MARKETS

COCOA PRICES closed only just above the day's lows after remaining under pressure since the announcement in the morning that the International Cocoa Organisation (ICCO) had raised its estimate of the world surplus of production to 93,000 tonnes for 1987/88 This compares with the previous ICCO estimate of a 36,000 tonne surplus. Although the revised estimate matches trade expectations, it was enough to depress prices in the current bear market. Dealers said another factor contributing to the weak tone was the continuing lack of ICCO buffer stock support since last Tuesday's purchase of 4,000 tonnes. But they were doubtful if support buying would have much impact on prices now. Coffee prices were also lower, with the market looking ahead to Friday's International Coffee Organisation board meeting which will consider whether a further ICO quota cut is necessary to support prices. SPOT MARKETS

Crude off (per barrel FOB)		+ or -
Dubai Brent Blend W.T.L(1 pm est)	\$15.15-5.20z \$16.38-6.43y \$16.90-7.00z	-0.195
Oii products (NWE prompt o	delivery per to	nne CIF) + cr -
Premium Gasoline Ges Cil Heavy Fuel OG Naphthe Petroleum Argus Estimetes	\$159-161 \$141-143 \$72-74 \$152-154	+1.5 -2 -0.50 +2.50
Cther		+ 07 -
Gold (per poy oz)- Silver (per troy oz)- Platinum (per troy oz) Palladium (per troy oz)	\$471.75 668c \$492.00 \$125.00	-4.75 -3 +0.50
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market) Tin (European free market) Tin (Kuala Lumpur market) Tin (New York) Zinc (Euro. Prod. Price) Zinc (US Prime Western)	\$2025 12649-28%c 40c 365c £3880 17.25r 318.25c \$390 44.75c	+5 -5 -0.03 -2.25 +15
Carde (live weight)† Sheep (dead weight)† Pigs (kva weight)†	104.96p 144.94p 64.01p	-1.02° +1.82° +0.03°
Lendon daily sugar (raw) London daily sugar (white) Tale and Lyle export price	\$265.40w \$262.40w \$258.00	+10.00 +7.40 +6.50
Barley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	£111.50y £135.50 £97.25u	+0.75
Rubber (spor)(*) Rubber (Feb) (*) Rubber (Mer) (*) Rubber (KL RSS No 1 Feb)	63.75p 69.00p 88.00p 279.50m	-0.25 -0.25
Coconut oil (Philippmas)§ Paim Oil (Malaysian)§ Copra (Philippinas)§ Soyahezna (US) Cotton "A" index Wooltops (54s Super)	\$565.00v \$475.00 \$390.00 £157.50 71.60c 519p	+2.50 -0.15 +2
2 a tonne unless otherwise c-cents/lb. r-ringgit/kg. w-F z-Mer. y-Feb. u-Apr/May † everage latetock prices. * c jago. Y London physical ma * Bullon market close. m-h	eb/Mar. v-Jan Meat Commis henge from a rket, § CIF Ro	/Feb. sion waak stordam

COURS/YES



lots of 100 tonners.

-	METAL						nated Metal Trading)	US	MAI	RET	5	
	Ciose		Previous	High/Low	AM Offic			PREC	IOUS M	ETALS fe	on a fi	rmer LIS
			per torme)	0000	2020-30	rong	turnover 2,100 tonne	dollar	and a te	chnical o	verboug	ht
Cash 3 months	2010-5 1890-9		2025-35 1900-10	2030	1900-10	1900-20	2,390 lots	situati local s	ion as ea salilac wi	irly trade hich in tu	selling p	prompte
Atuminiu	m,89.5%	ourity (£	per tonne)			Ring t	mover 21,150 tonne	COMM	ission h	ouse stop	e being	elected
Cash 3 months	1135-4 1065-8		1135-7 1062-3	1135/1134 1068/1056		1066-8	48,292 lots			liquidation bert. How		
	Grade A (2 per ton	ma)			Ring to	mover 25,850 tonne	were	pared fol	lowing tr	ade scal	e-down
Cash	1418-2		1395-400	1448/1448		4030.0	70 500 1-1-			xed short arply as t		
3 months	1295-5 Standard		1279-80	1328/1278	1326-7	1278-9	73,580 lots	selling	touched	d off com	mission	house
Cash	1345-5		1350-60		1370-90		and the contract of the contra			oil firme rude oil f		
3 months	1260-7	מי	1255-65		1295-308	• • • • • • • • • • • • • • • • • • • •	56 lots	as tun	d selling	combine	ed with lie	
	S cents/fit					<u> </u>	ing turnover 0 tonne			ace of loc ouse buyi		oo fall s
Cash 3 months	581-4 671-5		657-9 679-81		668-9 679-82	675-80	682 lots	Specu	lators liq	uidated k	ongs foll	DOWNO!
	per tonne)					Aling	turnover 5,725 tonne	ICCO	report si	nowing a	larger th	MA COOR
Cash	383-5		400-5	400/396	398-8					lus for the lower on		
3 months			360.5-1	361/352	359-60	353-5 Bing	13,272 lots turnover 1,404 tonne	suppo	rt emerg	ed which	prompt	ed trade
Cesh	per tonne 4550-6		4480-50	4560	4550-60		PRINCE I TANK KONING			, touching efore ren		
3 months			4210-5	4285/4270		4275-80	9,207 icts	salling	kept the	a market	on the d	efensiv
Zipc (£ p Cash	er tonna) 499-50	H	500-1	508/504	504-5	Ring	turnover 8,025 tonne			g cattle-c tion in the		
3 months			503.5-4	506/501	504-5	502-3	12,986 lots	which	aided a	technical		
	EB AL-a-				LONDON RU	KLION MARKE	*	recent	t strengti	1.		
POTATO	Close	Previou	s High/Lox		Gold (fine oz)		2 equivalent	Ne	w Yo	rk		
Feb	97,30	97.50	1119174		Close	47112-472	26614-26674					
Mar Apr	86.00 154.00	86.50 155.70	155.00 1	53.90	Opening fix	476½-477 476.50	257%-267% 256.194	GOLD	Close	Stroy oz	High/Lo	-AJ
May	167.80 95.50	169.50 94.00	168,50 1	68.00	Afternoon fix		268.159		UNIO	F101000		
			CA EA	95 BN	Day's righ	477-47772		Jan	469.3	477.5	476.0	476.0
Nov Feb	102.50	104.00	96.50	96.00	Day's high Day's low	477-477½ 489½-470		Jan Feb Mar	489.3 469.5 471.8	477.5 477.8 480.2	476.0 476.9	476.0 488.2
Feb Turnover	102.50 : 415 (218	104.00) lots of	100 tonnes.	96.00				Feb Mar Apr	469.5 471.8 474.9	477.8 480.2 483.4	476.9 8 482.8	488.2 0 473.5
Feb Turnover	102.50 : 415 (218 AN MEAL	104.00) lots of 2/somo	100 tonnes.		Coins US Engle	489½-470 \$ price 485-490	2 equivalent 274-277%	Feb Mar Apr Jun Aug	489.5 471.8 474.9 480.2 485.7	477.8 480.2 483.4 488.8 494.4	476.9 0 482.8 488.0 482.8	488.2 0 473.5 478.5 485.0
Feb Turnover SOYABE	102.50 T. 415 (218 AN MEAL Close	104.00) lots of 2/tonno Previou	100 tonnes. High/Lor	v	Coins US Eagle Mapleleat Entannis	489½-470 \$ price 485-490 485-490 485-490	2 equivalent 274-277% 274-277% 274-277%	Feb Mar Apr Jun Aug Oct Dec	469.5 471.8 474.9 480.2 485.7 491.4 497.1	477,8 480,2 483,4 488,8 494,4 500,2 506,0	476.9 8 482.8 488.0 482.8 483.0 505.2	488.2 0 473.5 478.5 485.0 480.0 496.0
Feb Turnover SOYABE Apr Jun	102.50 AN MEAL Close 129.50 123.70	104.00 f) lots of .2/tonno Previou 129.00 123.70	100 tonnes. is High/Los 129.50 1 124.00 1	29.00	Coins US Eagle Mapleleat	489½-470 \$ price 485-490 485-490	2 equivalent 274-277% 274-277%	Feb Mar Apr Jun Aug Oct Dec Feb	489.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2	476.9 0 482.8 488.0 482.8 483.0 505.2 511.5	488.2 0 473.5 478.5 485.0 480.0
Feb Turnover SOYABE Apr Jun Aug Oct	102.50 AN MEAL Close 129.50 123.70 122.30 124.20	104.00 f) lots of .2/torno Previou 129.00 123.70 122.20 123.50	100 tonnes. 129.50 1 124.00 1 122.50 123.50	29.00	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug	489½-470 \$ price 485-490 485-490 485-490 470½-473½ 247-256 123-131	2 equivalent 274-277% 274-277% 274-277% 265%-267% 139%-144% 89%-74	Feb Mar Apr Jun Aug Oct Dec Feb	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2 y oz; \$/troy	476.9 6 482.8 488.0 482.9 493.0 505.2 511.5	488.2 0 473.5 478.5 485.0 480.0 496.0 502.5
Feb Turnover SOYABE Apr Jun Aug	102.50 AN MEAL Close 129.50 123.70 122.30	104.00 f) lots of .2/sorno Previou 129.00 123.70 122.20	100 tonnes. 129.50 1 124.00 1 122.50	29.00	Coins US Eagle Mapleleat Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel	489½-470 \$ price 485-490 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54	2 equivalent 274-277% 274-277% 274-277% 265%-257% 139%-144% 89%-74 278-278% 27%-30%	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 FUM 50 tro	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2	476.9 6 482.8 488.0 482.9 483.0 505.2 511.5 7 Oz. High/Lo	488.2 0 473.5 478.5 485.0 496.0 502.5
Feb Turnover SOYABE Apr Jun Aug Oct Dec Feb Turnover	102.50 . 415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 . 105 (65)	104.00 f) lots of 2/tonno 129.00 123.70 122.20 123.50 125.50 126.00	100 tonnes. 129.50 1 124.00 1 122.50 123.50 128.00	29.00	Coins US Eagle Mapleleaf Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov.	489½-470 \$ price 485-490 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½	2 equivalent 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 278-2781/2 27%-301/2 821/2-631/2 621/2-631/2	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN	489.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 y oz; \$/troy Previous	476.9 6 482.8 488.0 482.8 483.0 505.2 511.5	488.2 0 473.5 478.5 485.0 480.0 486.0 502.5
Feb Turnover SOYABE Apr Jun Aug Oct Dec Feb Turnover	102.50 . 415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 . 105 (65)	104.00 f) lots of 2/tonno 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1	100 tonnes. 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes.	29.00 23.50	Coins US Eagle Mapleleat Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov.	489½-470 \$ price 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112	2 equivalent 274-2771/2 274-2771/2 274-2771/2 2651/2-2571/2 1391/2-1441/2 891/2-74 276-2781/2 2734-301/2 821/2-631/4	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Feb Apr Jul	489.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro Cione 475.3 477.8 481.4 488.4	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 7 0z; \$/troy Previous 491.8 0 497.4 504.7	476.9 0 482.8 488.0 482.8 493.0 505.2 511.5 0z. High/Lo 490.0 482.0 496.5 504.0	488.2 0 473.5 478.5 485.0 496.0 502.5 476.0 476.0 476.0 478.0 478.0
Feb Turnover SOYABE Apr Jun Aug Oct Dec Feb Turnover	102.50 . 415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 . 105 (85) FUTURE Close	104.00) lots of 2/tonno Previou 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1 9 E/Inda	100 tonnes. 129.50 1 124.00 1 122.50 123.50 128.00 00 tennes.	29.00 23.50	Coins US Eagle Mapleleaf Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov.	489½-470 \$ price 485-490 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½	2 equivalent 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 278-2781/2 27%-301/2 821/2-631/2 621/2-631/2	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Feb Apr Jul Oct Jan	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro Cione 476.3 477.8 481.4 488.4 495.9 503.9	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 y oz; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2	476.9 6 482.8 488.0 482.9 483.0 505.2 511.5 0z. High/Lo 490.0 482.0 495.5 504.0 517.5	478.5 478.5 478.5 485.0 496.0 502.5 478.0 478.0 478.5 489.0 496.5 504.5
Feb Turnover SOYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT	102.50 7.415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7.105 (85) 7.FUTURE Close 1394.0 1409.0	104.00) lots of 2/tonno 129.00 123.70 122.20 125.50 125.50 126.00 tots of 1 3 E/Inda Previou 1401.0 1432.0	100 tonnes. 129.50 1 124.00 1 122.50 123.50 128.00 00 tennes. 2 point 1395.0 1 1420.0 1	29.00 23.50 391.0 400.0	Coins US Eagle Mapleleaf Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov.	489½-470 \$ price 485-490 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½	2 equivalent 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 278-2781/2 27%-301/2 821/2-631/2 621/2-631/2	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Feb Apr Jul Oct Jan Apr	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro Cione 476.3 477.8 481.4 488.4 495.9 503.9 511.9	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 7 OZ; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2	476.9 0 482.8 488.0 482.8 483.0 505.2 511.5 0z. High/Lo 490.0 482.0 495.5 504.0 517.5 0	478.5 478.5 478.5 485.0 496.0 502.5 478.0 478.0 478.0 478.5 489.0 496.5
Feb Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT	102.50 7.415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7.105 (65) 7.105 (65) 1409.0 1256.0 1303.0	104.00) lots of .2/torno 129.00 123.70 122.20 123.50 125.50 126.00 tots of 1: 3 E/Inda. Previous 1401.0 1432.0 1263.0 1330.0	100 tonnes. 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 1395.0 1	29.00 23.50 391.0 400.0 250.0	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot	489½-470 \$ price 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½ 506-512½	2 equivalent 274-277 //2 274-277 //2 274-277 //2 265 //2-267 //2 139 //2-144 //2 89 //2-74 276-278 //2 274-30 //2 62 //2-63 //2 62 //2-63 //2 284-287 //2 US cts equiv	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Feb Apr Jul Oct Jan Apr	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro Cione 476.3 477.8 481.4 488.4 495.9 503.9 511.9	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 y oz; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2	476.9 0 482.8 488.0 482.8 483.0 505.2 511.5 0z. High/Lo 490.0 482.0 495.5 504.0 517.5 0	478.5 478.5 478.5 485.0 496.0 496.0 502.5 476.0 476.0 476.5 489.0 496.5 504.5
Feb Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT	102.50 7.415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7.105 (85) 7.FUTURE Close 1394.0 1409.0 1255.0	104.00) lots of .2/tonno 129.00 123.70 122.20 123.50 125.50 126.00 tots of 1 3 E/Inda Previous 1401.0 1432.0 1283.0	100 tonnes. 129.50 1 124.00 1 122.50 123.50 128.00 00 tennes. 2 point 1395.0 1 1420.0 1 1268.0 1	29.00 23.50 391.0 400.0 250.0	Coins US Eagle Mapleleaf Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 6 months	489½-470 \$ price 485-490 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½ 506-512½ p/fine cz 379.95 388-20 396.45	2 equivalent 274-277 1/2 274-277 1/2 274-277 1/2 265 1/2-267 1/2 139 1/2-144 1/2 89 1/2-74 276-278 1/2 274-30 1/2 82 1/2-63 1/2 82 1/2-63 1/2 284-287 1/2 US cts equiv 675-15 987-10 899-05	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Feb Apr Jul Oct Jan Apr Silver	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 488.4 495.9 503.9 511.9 5,000 tro Close 668.5	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 7 0z; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 7 0z; cents/ Previous	476.9 0 482.8 488.0 482.8 493.0 505.2 511.5 0z. High/Lo 490.0 490.0 490.5 504.0 517.5 0	488.2 0 478.5 478.5 485.0 496.0 502.5 478.0 478.0 478.0 478.5 489.0 496.5 504.5 0
Feb Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT	102.50 7.415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7.105 (65) 7.105 (65) 1409.0 1256.0 1303.0	104.00 Previous 129.00 123.70 122.20 123.50 125.50 126.00 tots of 1: 3 E/Inda. Previous 1401.0 1432.0 1283.0 1330.0 1400.0	100 tonnes. 129.50 1 124.00 1 122.50 123.50 128.00 00 tennes. 2 point 1395.0 1 1420.0 1 1268.0 1	29.00 23.50 391.0 400.0 250.0	Coins US Eagle Mapleleaf Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months	489½-470 \$ price 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½ 506-512½ P/fine oz 379.95 388.20	2 equivalent 274-277 1/2 274-277 1/2 274-277 1/2 265 1/2-267 1/2 139 1/2-144 1/2 89 1/2-74 276-278 1/2 274-30 1/2 82 1/2-63 1/2 82 1/2-63 1/2 284-287 1/2 US cts equiv 875.15 867.10	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Feb Apr Jul Oct Jan Apr StlvER	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro Ciose 476.3 477.8 481.4 488.4 495.9 511.9 5,000 tro Ciose 558.5 658.5 658.5	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 7 0Z; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 7 0Z; cents/ Previous 677.8 679.4 683.0	476.9 6 482.8 488.0 482.8 493.0 505.2 511.5 0z. High/Lo 490.0 482.0 496.5 504.0 517.5 0 7troy oz. High/Lo 665.0 0 681.0	488.2 0 473.5 478.5 485.0 496.0 496.0 502.5 478.0 478.0 478.0 478.5 489.0 496.5 504.5 0
Feb Turnover SOYABE Apr Jun Aug Oct Peb Turnover FREIGHT Jan Apr Jiy Oct BFI	102.50 . 415 (218 . 415 (218 . AN MEAL . Close . 129.50 . 123.70 . 122.30 . 128.50 . 128.50 . 129.00 . 105 (65) . FUTURE . Close . 1394.0 . 1409.0 . 1394.0 . 1394.0 . 1394.0 . 1394.0 . 1421 (689	104.00 f) lots of 2/tonno 129.00 123.70 122.20 125.50 125.50 126.00 fots of 1 3 E/Inda Previou 1401.0 1432.0 1293.0 1400.0	100 tonnes. 129.50 1 124.00 1 122.50 123.50 128.00 00 tennes. 2 point 1395.0 1 1420.0 1 1268.0 1	29.00 23.50 391.0 400.0 250.0 300.0	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 6 months 12 months	489½-470 \$ price 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½ 506-512½ P/fine cz 379.95 388.20 396.45 414.86	2 equivalent 274-277 1/2 274-277 1/2 274-277 1/2 265 1/2-267 1/2 139 1/2-144 1/2 89 1/2-74 276-278 1/2 274-30 1/2 82 1/2-63 1/2 82 1/2-63 1/2 284-287 1/2 US cts equiv 675-15 987-10 899-05	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Apr Jul Oct Jan Apr StLVER May Jul	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 FUM 50 tro Ciose 476.3 477.8 481.4 488.4 495.9 503.9 511.9 503.9 511.9 568.5 658.5 658.9 663.5 672.4 681.0	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 702; cents/ Previous 679.4 683.0 692.0 700.8	476.9 6 482.8 488.0 482.9 483.0 505.2 511.5 702. High/Lo 490.0 490.0 490.0 517.5 G	488.2 0 473.5 478.5 485.0 496.0 496.0 502.5 478.0 478.5 489.0 478.5 504.5 0 665.0 665.0 676.0
Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover Apr Jiy Oct BFI Turnover TEA There	102.50 . 415 (218 . 415 (218 . AN MEAL . Close . 129.50 . 123.70 . 122.30 . 124.20 . 128.50 . 129.00 . 105 (85) . FUTURE . Close . 1394.0 . 1409.0 . 1394.0 . 1394.0 . 421 (689 421 (689 421 (689) 421 (689) 421 (689) 421 (689) 421 (689) 421 (689)	104.00) lots of 2/torno 129.00 123.70 122.20 123.50 125.50 126.00 tots of 1 3 E/Inda Previous 1401.0 1432.0 1283.0 1330.0 1400.0	100 tonnes. 129.50 1 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 1395.0 1 1420.0 1 1268.0 1 1305.0 1	29.00 23.50 23.50 391.0 400.0 250.0 300.0	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 12 months 12 months	\$ price 485-490 485-490 485-490 47012-47312 247-256 123-131 489-494 49-54 111-112 111-11215 506-51216 P/fine cz 379.95 388-20 398-45 414-86	2 equivalent 274-277% 274-277% 274-277% 265%-267% 139%-144% 89%-74 276-278% 27%-30% 62%-63% 62%-63% 62%-63% 62%-63% 62%-63% 62%-63% 62%-63% 75.15	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN SILVER SILVER May Jul Sep Dec	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 495.9 503.9 511.9 5,000 tro Close 668.5 659.9 663.5 672.4 681.0 689.3 702.9	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 529.2 702; cents/ Previous 677.8 678.4 683.0 692.0 700.8 709.4 723.3	476.9 6 482.8 488.0 482.9 493.0 505.2 511.5 0z. High/Lo 490.0 490.5 504.0 517.5 0 hroy oz. High/Lo 685.0 0 681.0 690.0	488.2 0 473.5 478.5 485.0 496.0 502.5 496.0 478.0 478.5 489.0 496.5 504.5 0
Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT Jan Apr Jiy Oct BFI Turnover London the offs	102.50 7. 415 (218 7. AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7. 105 (85) 7. FUTURE Close 1394.0 1409.0 1256.0 1303.0 1394.0 1394.0 7. 421 (689	104.00) lots of 2/torno Previou 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1: 3 £/inda Previou 1401.0 1432.0 1263.0 1330.0 1400.0	100 tonnes. 129.50 1 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 2 High/Lox 1395.0 1 1420.0 1 1268.0 1 1305.0 1	29.00 23.50 23.50 400.0 250.0 300.0	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 6 months 12 months	\$ price 485-490 485-490 485-490 47012-47312 247-256 123-131 489-494 49-54 111-112 111-11215 506-51216 P/fine cz 379.95 388-20 398-45 414-85	2 equivalent 274-2771/2 274-2771/2 274-2771/2 274-2771/2 2851/2-2671/2 1391/2-1441/2 891/2-74 276-2781/2 2732-301/2 821/2-831/2 284-2871/2 US cts equiv 875.15 987.10 899.05 728.86 TRADED OPTIONS Calls Puts	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN SILVER Jun Apr SILVER Jun Sep Dec Jan Mar Mar	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 486.4 495.9 503.9 511.9 5,000 tro Close 668.5 658.9 669.3 702.9 707.0 717.0	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2 7 0z; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 7 0z; cents/ Previous 677.8 679.4 683.0 692.0 700.8 709.4	476.9 6 482.8 488.0 482.9 483.0 505.2 511.5 0z. High/Lo 490.0 496.5 504.0 517.5 0 7roy oz. High/Lo 685.0 0 681.0 690.0 700.0	488.2 0 473.5 478.5 485.0 480.0 496.0 502.5 478.0 478.0 478.5 489.0 496.5 504.5 0 665.0 676.0 676.0 689.0
Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover FREKIHT Jan Apr Jiy Oct BFI Turnover London the offs Associa	102.50 7. 415 (218 7. AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7. 105 (85) 7. FUTURE Close 1394.0 1409.0 1256.0 1303.0 1394.0 7. 421 (689 1394.0 7. auction shore sectors. Gods 1, includir	104.00) lots of 2/torno Previou 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1: 3 E/inda Previou 1401.0 1432.0 1263.0 1263.0 1330.0 1400.0) 27 pack including tion, report of medius	100 tonnes. 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 1395.0 1 1420.0 1 1268.0 1 1305.0 1	29.00 23.50 23.50 381.0 400.0 250.0 300.0	Coins US Eagle Mapleleat Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 12 months 12 months 12 months 12 months	489½-470 \$ price 485-490 485-490 470½-473½ 247-256 123-131 489-494 49-54 111-112 111-112½ 506-512½ p/fine cz 379.85 388.20 398.45 414.86 AL EXCHANCE	2 equivalent 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 276-2781/2 2734-301/2 821/2-831/2 284-2871/4 US cts equiv 875.15 987.10 899.05 728.86 TRADED OPTIONS TRADED OPTIONS TRADED OPTIONS	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN SILVER SILVER May Jul Sep Dec Jan May May	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 495.9 503.9 511.9 5,000 tro Close 668.5 659.9 663.5 672.4 681.0 689.3 702.9 707.0 717.0 726.8	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 702; cents/ Previous 677.8 678.4 683.0 692.0 700.8 709.4 723.3 727.5 737.7 747.7	476.9 6 482.8 488.0 482.8 488.0 505.2 511.5 702. High/Lo 490.0 496.5 504.0 517.5 G 700.0 700.0 713.0 G	488.2 0 478.5 478.5 485.0 490.0 496.0 502.5 478.0 478.0 478.0 478.0 478.0 478.0 478.5 489.0 496.5 504.5 0 665.0 667.0 689.0 699.0
Turnover SOYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT Jan Apr Jiy Oct BFI Turnover TEA There I London the offs Assaint keen oc	102.50 7.415 (218 7AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7.105 (85)	104.00 Previous 129.00 123.70 122.20 123.50 125.50 126.00 iots of 1: 3 E/Inda Previous 1401.0 1432.0 1283.0 1330.0 1400.0 iots of medius including ion, report including id medius in distance of medius in me	100 tonnes. 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 2 point 1395.0 1 1420.0 1 1268.0 1 1305.0 1 1305.0 1	29.00 23.50 391.0 400.0 250.0 300.0 Brokers' Ilquoring se in for metimes	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 12 months 12 months 12 months 12 months 12 months	\$ price 485-490 485-490 485-490 47012-47312 247-256 123-131 489-494 49-54 111-112 111-11215 506-51216 P/fine oz 379.95 388.20 396.45 414.86	2 equivalent 274-2771/2 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 276-2781/2 274-301/2 821/2-831/2 821/2-831/2 284-2871/2 US cts equiv 875.15 887.10 899.05 728.86 TRADED OPTIONS	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN SILVER SILVER May Jul Sep Dec Jan May May	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 495.9 503.9 511.9 5,000 tro Close 668.5 659.9 663.5 672.4 681.0 689.3 702.9 707.0 717.0 726.8	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 529.2 702; Cente/ Previous 679.4 683.0 692.0 700.8 709.4 723.3 727.5 737.7 747.7	476.9 6 482.8 488.0 482.8 488.0 505.2 511.5 702. High/Lo 490.0 496.5 504.0 517.5 G Proy oz. High/Lo 685.0 0 681.0 690.0 700.0 713.0 0 6	488.2 0 473.5 478.5 485.0 496.0 496.0 502.5 478.0 478.0 478.0 478.0 478.5 489.0 496.5 504.5 0 665.0 676.0 689.0 0
Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover FREGHT Jan Apr Jiy Oct BFI Turnover London the offs Associa A	102.50 7. 415 (218 7AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7. 105 (85) 7. FUTURE Close 1394.0 1409.0 1256.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0 1394.0	104.00 Previous 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1: 3 £/inda Previous 1401.0 1432.0 1263.0 1330.0 1400.0 lots of medius including dusts and rose s met in sek's level out unce	100 tonnes. 129.50 1 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 2 point 3 High/Lox 1395.0 1 1420.0 1 1268.0 1 1305.0 1 1305.0 1	29.00 23.50 391.0 400.0 250.0 300.0 Brokers' Ilquoring se in for metimes nand but esh tess belance.	Coins US Eagle Mapleleat Britannis Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Pint Spot 3 months 6 months 12 months 12 months 12 months 12 months 12 months 12 months	\$ price 485-490 485-490 485-490 470-473-2 247-256 123-131 489-494 49-54 111-112 111-112-5 506-512-5 P/fine cz 379.95 388-20 398.45 414.85 AL EXCHANCE 18 11 66	274-2771/2 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 276-2781/2 2732-301/2 821/2-831/2 821/2-831/2 821/2-831/2 284-2871/2 US cts equiv 875.15 987.10 699.05 726.86 TRADED CPTIONS TRADED CPTIONS TRADED CPTIONS TRADED CPTIONS TRADED CPTIONS Res Nay Mar May 0 163 27 97 3 120 60 145 83 111 208	Feb Mar Apr Jun Oct Dec Feb PLATIN Jan Feb Apr Jul Sep Jan May Jul Sep Jan May Jul Sep Jan May Coppe	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 488.4 495.9 503.9 511.9 5,000 troy Close 663.5 672.4 681.0 689.3 702.9 707.0 717.0 726.8 R 25,000 R	477.8 480.2 483.4 488.8 494.4 500.2 508.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 702; cents/ Previous 677.8 679.4 683.0 692.0 700.8 709.4 723.3 727.5 737.7 747.7	476.9 6 482.8 488.0 482.8 488.0 505.2 511.5 702. High/Lo 490.0 496.5 504.0 517.5 G 700.0 700.0 713.0 G 681.0 G	478.5 478.5 478.5 485.0 496.0 502.5 478.0 478.0 478.5 489.0 496.5 504.5 0 655.0 657.0 666.0 676.0 699.0 0
Turnover Apr Jun Aug Oct Dec Feb Turnover FREKEHT Jan Apr Jiy Oct BFI Turnover TEA There London the offe Associa Assams keen oc more, i stayed were is Best lic	102.50 1415 (21E AN MEAL Close 129.50 123.70 122.30 124.20 126.50 129.00 126.50 1394.0 1409.0 1256.0 1303.0 1394.0 1394.0 1409.0 1256.0 1303.0 1394.0 1256.0 1303.0 1394.0 1256.0 1303.0 1394.0 1256.0 1303.0 1394.0 1256.0 1303.0 1394.0 1256.0 1303.0 1394.0	104.00 Previous 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1: S E/Inda Previous 1401.0 1432.0 1283.0 1283.0 1400.0 lots of 1: corrected medius including tion, report tion (colour)	100 tonnes. 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 2 point 1395.0 1 1420.0 1 1268.0 1 1305.0 1 1305.0 1	29.00 23.50 23.50 250.0 300.0 ar in the kages in Brokers' liquoring te in for metimes and but esh tess belance.	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 12 months 12 months 12 months 12 months 12 months	\$ price 485-490 485-490 485-490 470½-473½ 247-258 123-131 489-494 49-54 111-112 111-112½ 506-512½ P/fine cz 379.95 388.20 398.45 414.86 AL EXCHANCE 18 11 56	2 equivalent 274-2771/2 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 276-2781/2 2732-301/2 821/2-831/2 821/2-831/2 284-2871/2 US cts equiv 875.15 987.10 899.05 728.86 TRADED CPTIONS TRADED CPTION	Feb Mar Apr Jun Aug Oct Dec Feb PLATIN Jan Feb Apr Jul Sep Dec Jan May Jul Sep Dec Jan May Jul Sep Dec Jan May Feb	459.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 486.4 495.9 503.9 511.9 5,000 tro Close 658.5 659.9 669.5 672.4 681.0 689.3 702.9 707.0 717.0 726.8 R 25,000 R Close	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 520.2 528.2 702; cents/ Previous 677.8 679.4 683.0 692.0 700.8 700.8 709.4 723.3 727.5 737.7 747.7 747.7	476.9 6 482.8 488.0 482.8 488.0 505.2 511.5 OZ. High/Lo 490.0 490.0 490.5 504.0 517.5 0 700.0 700.0 713.0 0 6 115.10 0	488.2 0 473.5 478.5 485.0 496.0 496.0 502.5 W 476.0 476.0 476.0 476.5 489.0 496.5 504.5 0 657.0 657.0 656.0 676.0 699.0 0
Turnover SOYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT Jan Apr Jiy Oct BFI Turnover London the offs Assams keen oc more, I stayed were is cans w 3-5p de	102.50 1415 (218 AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 128.50 129.00 129.00 129.00 129.00 1394.0 1409.0 1256.0 1303.0 1394.0 1394.0 1409.0 1256.0 1303.0 1394.0 1394.0 1409.0 1256.0 1303.0 1394.0 1409.0 1256.0 1303.0 1394.0 1409.0 1256.0 1303.0 1394.0 1409.0 1256.0 1303.0 1394.0 1394.0	104.00 Previous 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1: 3 E/Inda Previous 1401.0 1432.0 1283.0 1400.0 lots of medium including dusts and rose s met including dusts and rose	100 tonnes. 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 2 point 3 High/Loc 1395.0 1 1420.0 1 1268.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1	29.00 23.50 23.50 23.50 250.0 250	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Silver ftz Spot 3 months 12 months 1300 1800 1800 1850	\$ price 485-490 485-490 485-490 47012-47312 247-256 123-131 489-494 49-54 111-112 111-11215 506-51236 P/fine cz 379.95 388-20 398.45 414.86	2 equivalent 274-277 1/2 274-277 1/2 274-277 1/2 274-277 1/2 285 1/2-257 1/2 139 1/2-144 1/2 89 1/2-74 276-278 1/2 274-30 1/2 82 1/2-83 1/2 284-287 1/2 US cts equiv 675.15 867.10 899.05 726.86 TRADED CPTIONS TRADED CPTIONS TRADED CPTIONS TRADED CPTIONS Calts Puts BY May Mar May 0 163 27 97 3 120 60 145 83 111 208 Calts Puts 6 171 19 78 8 120 45 123	Feb Mar Apr Aug Oct Dec Feb PLATIN Jan Feb Mar May Jul Sep Dec Mar May COPPE Jan May COPPE	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro Ciceo 476.3 477.8 481.4 488.4 495.9 503.9 511.9 5,000 troy Ciceo 663.5 672.4 681.0 689.3 702.9 707.0 717.0 726.8 R 25,000 R Ciceo	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 702; cents/ Previous 677.8 679.4 683.0 692.0 700.8 709.4 723.3 727.5 737.7 747.7 747.7	476.9 6 482.8 488.0 482.8 493.0 505.2 511.5 62. High/Lo 490.0 490.0 490.5 504.0 517.5 G 700.0 700.0 713.0 G 681.0 681.0 685.0 G 681.0 G 685.0 G 6	478.5 478.5 478.5 485.0 496.0 496.0 502.5 476.0 476.0 476.5 489.0 496.5 504.5 0 665.0 665.0 665.0 676.0 699.0 0 0
Turnover SCYABE Apr Jun Aug Oct Dec Feb Turnover FREKIHT Jan Apr Jiy Oct BFI Turnover TEA There London the offs Assams keen oc more. I stayed were is came w 3-5p de the cio	102.50 7.415 (218 7AN MEAL Close 129.50 123.70 122.30 124.20 128.50 129.00 7.105 (85) 7.	104.00 Previous 129.00 123.70 122.20 123.50 125.50 126.00 lots of 1: 3 E/Inda Previous 1401.0 1432.0 1263.0 1330.0 1400.0 27 pack including tion, report of medius of dusts and ros s met in sek's lev out unch d colous support	100 tonnes. 129.50 1 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 2 High/Lor 1395.0 1 1420.0 1 1268.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1400 pacient the Team in and best	29.00 23.50 29.00 23.50 250.0 300.0 250.0 300.0 250.0 300.0 250.	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Spot 3 months 12 months 13 months 14 months 15 months 16 months 16 months 16 months 17 months 17 months 18 months 18 months 18 months 18 months 18 months 18 months 19 months 19 months 18 months 18 months 19 months 18 months 18 months 18 months 19 months 18 months 1	\$ price 485-490 485-490 485-490 470-473-2 247-256 123-131 489-494 49-54 111-112 111-112-2 111-112-2 506-512-2 P/fine cz 379.95 388-20 398.45 414.85 AL EXCHANCE 18 11 56	2 equivalent 274-2771/2 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 276-2787/2 274-301/2 821/2-831/2 284-2871/2 US cts equiv 875.15 867.10 899.05 728.86 TRADED OPTIONS TRADED OPTIONS TRADED OPTIONS TRADED OPTIONS Calls Puts BY May Mar May 0 163 27 97 3 120 60 145 83 111 208 Calls Puts 6 171 19 78 8 120 45 123 80 58 181	Feb Mar Apr Jun Oct Dec Feb PLATIN Jan Feb Apr Jul Sep Jan May Jul Sep Jan May Jul Sep Jan May Jul Feb Mar May	459.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UMI 50 tro Close 476.3 477.8 481.4 488.4 495.9 503.9 511.9 5,000 tro; Close 658.5 659.9 663.5 672.4 681.0 889.3 702.9 707.0 717.0 726.8 R 25,000 R Close 112.40 107.80 100.30 90.50 82.00	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 520.2 528.2 Previous 677.8 679.4 683.0 692.0 700.8 709.4 723.3 727.5 737.7 747.7 747.7 766; \$60000000000000000000000000000000000	476.9 6 482.8 488.0 482.8 488.0 505.2 511.5 702. High/Lo 490.0 496.5 504.0 517.5 G 710.0 681.0 681.0 681.0 681.0 681.0 681.0 685.0 700.0 713.0 0 108.80 98.50 98.50 98.50	488.2 0 473.5 478.5 485.0 486.0 502.5 476.0 476.0 476.0 476.0 476.5 489.0 496.5 504.5 0 665.0 666.0 676.0 689.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Turnover SOYABE Apr Jun Aug Oct Dec Feb Turnover FREIGHT Jan Apr Jiy Oct BFI Turnover TEA Thers London the offs Associa Associa Associa Associa Associa Keen oc more, I stayed were is Gest ic cans w 3-5p de cans w the cio	102.50 1415 (215 AN MEAL Close 129.50 123.70 122.30 124.20 126.50 129.00 126.50 129.00 1409.0 1409.0 1409.0 1409.0 1409.0 1409.0 1409.0 1409.0 1255.0 1303.0 1394.0	Previous 129.00 123.70 129.00 123.70 122.20 123.50 125.50 125.50 126.00 1401.0 1401.0 1401.0 1401.0 1400.0 1500.0	100 tonnes. 129.50 1 129.50 1 124.00 1 122.50 123.50 126.00 00 tennes. 2 point 2 High/Lox 1395.0 1 1420.0 1 1268.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1305.0 1 1400.0 1	29.00 23.50 23.50 250.0 300.0 250.0 300.0 Brokers' Ilquoring is in for metimes and but esh tess balance. ast Afri- mainly strait Afri- gular at medium pas 10p Cuota-	Coins US Eagle Mapleleaf Britannia Krugerrand 1/2 Krug 1/4 Krug Angel 1/10 Angel New Sov. Old Sov. Noble Plat Silver ftz Spot 3 months 12 months 1300 1800 1800 1850	\$ price 485-490 485-490 485-490 470-473-2 247-256 123-131 489-494 49-54 111-112 111-112-2 111-112-2 506-512-2 P/fine cz 379.95 388-20 398.45 414.85 AL EXCHANCE 18 11 56	2 equivalent 274-2771/2 274-2771/2 274-2771/2 274-2771/2 2651/2-2671/2 1391/2-1441/2 891/2-74 276-2781/2 274-301/2 821/2-831/2 821/2-831/2 284-2871/2 US cts equiv 875.15 887.10 899.05 728.86 TRADED OPTIONS TRADED OPTION	Feb Mar Apr Aug Oct Dec Feb PLATIN Jan Feb Mar May Jul Sep Dec Mar May COPPE Jan May COPPE	469.5 471.8 474.9 480.2 485.7 491.4 497.1 503.2 UM 50 tro Ciceo 476.3 477.8 481.4 488.4 495.9 503.9 511.9 5,000 troy Ciceo 663.5 672.4 681.0 689.3 702.9 707.0 717.0 726.8 R 25,000 R Ciceo	477.8 480.2 483.4 488.8 494.4 500.2 506.0 512.2 702; \$/troy Previous 491.8 0 497.4 504.7 512.2 520.2 528.2 702; cents/ Previous 677.8 679.4 683.0 692.0 700.8 709.4 723.3 727.5 737.7 747.7 747.7	476.9 6 482.8 488.0 482.8 493.0 505.2 511.5 62. High/Lo 490.0 490.0 490.5 504.0 517.5 G 700.0 700.0 713.0 G 681.0 681.0 685.0 G 681.0 G 685.0 G 6	478.5 478.5 478.5 485.0 496.0 496.0 502.5 476.0 476.0 476.5 489.0 496.5 504.5 0 665.0 665.0 665.0 676.0 699.0 0 0

Copper fell sharply as trade and local selling touched off commission house stops. Heating oil firmed reflecting bad weather, but crude oil fell in quiet trading as fund selling combined with light trade selling in the face of local and commission house buying. Cocoa fell as speculators liquidated longs following an ICCO report showing a larger than expected surplus for the 1988/89 crop. Sugar opened lower on trade selling, but support emerged which prompted trade short-covering, touching off commission house stops before renewed trade selling kept the market on the defensive. A disappointing cattle-on-feed report led to long-liquidation in the meat futures May which aided a technical reaction to recent strength. Mar May Jul **New York** GCLD 100 troy oz.; \$/troy oz. Sep Previous High/Low Close 477.5 477.8 480.2 483.4 488.8 494.4 500.2 476.0 476.9 476.0 488.2 471.8 482.8 488.0 482.8 483.0 505.2 511.5 474.9 480.2 485.7 473.5 478.5 485.0 490.0 496.0 502.5 PLATINUM 50 troy ez; \$/troy ez. Previous High/Low COT 475.0 478.0 482.0 495.5 504.7 495.9 510.0 512.2 503.9 520.2 504.5 517.5 511.9 528.2 SILVER 5,000 troy oz. cents/troy oz. May Previous High/Low OFIA 659.9 663.5 679.4 681.0 889.3 709.4 702.9 723.3 713.0 707.0 727.5 717.0 737.7 726.8 747.7 COPPER 25,000 lbs; cents/lbs Close 115.80 108.10 100.30 90.50 98,10 82.00 28.50 85.00 DO 78.50 83.00 83.10 78.00 Spo 78.20 77.80 Jan Mar 82.70 82.30 81.90 78.00

CITATE :		1 45,000 00	Remp #10	4/4 		ıvayı	•		
	Close	Previous	High/Lo	W					
Mar	16.96	17.01	17.00	16.78	SOYAE	EANS 5 OC	00 bu min; c	ente (RNA	Number
Apr	18.83 16.75	16.88 16.74	16.98 18.75	16.66 16.52		Close	Previous		
Jun	16.61	18.82	16.62	16.43	Mar			High/Lc	
Jul Aug	18.45	16.51 16.41	16.41 18.30	16.35 16.25	May	830/6 632/0	631/6 640/2	633/0 646/0	629/4 538/0
Sep	18.25	18.31	16.25	15.25	أليال	645/8	646/4	853/D	845/4
Oct Nov	18.25 18.00	18.21	16.25	18.25	Aug Sep	848/4 641/2	847/2	852/4	846/4
		16.17	16.05	16.00	Nov	844/0	643/4 648/0	851/0 853/4	641/0 643/4
HEATEK	J OIL 42,0	DOC US galt	s, conts/U	S galts	Jan	852/0	955/0	660/0	852/0
	Close	Previous	High/Lo	W	Mar	660/0	662/4	0	0
Feb	49.85	49.19	49.90	48.60	SCYAP	FAN ON A	0,000 lbs; c	ante Me	
Mar Apr	48.50 48.55	47.98 48.24	48.60 46.80	47.65 45.75					
May	45.25	45.09	45.30	44.90	-	Close	Previous	High/La	XW
Jun Jul	44.55	44.39	44.55	44.20	Mar May	22.33 22.55	21.91 22.16	22.44	22.20
Aug	44.70 45.05	44.39 44.99	44.70 45.05	44.35 45.05	Jul	22.73	22.37	22.65 22.62	22.43 22.62
Sep	46.00	45.69	45.00	48.00	AUG	22.75	22.45	<u> 22.90</u>	22.70
COCOA	10 tonnes	:\$/tonnes			Sep	22.80 22.77	22.47 22.47	22.90	22.70
	Ciosa	Previous	HighyLo		Dec	22.50	22.55	22.90 22.95	22.75 22.75
Mar	1868	1922	1903	1886	Jen	22.90	22.65	22,85	22.85
May	1896	1948	1990	1895		4			
Jul Sep	1925 1945	1978 2000	1958	1924	SOYAL	YEAN MEA	100 tons;	\$/ton	
Dec	1983	2033	1972 2015	1946 1963		Cipee	Previous	High/Lo	w
Mar	2015	2065	2025	2025	Mar	183.9	186.8	187.7	183.6
May	2038	2088	2045	2035	May	183.2	184.6	188.0	183.0
COFFEE	"C" 87,5	00lba; cents	I/Ibs		Aug	163.5 184.0	184.6 184.5	186.0	183.5
<u> </u>	Close	Previous	High/Lo	W	Sep	184,5	184.5	185.5 186.0	183.8 184.0
Mar	129.05	130.41	130.50	128.75	Oct Dec	184.5	185.0	188.0	184.0
May Jul	131.93 184.05	132.93 135.15	132.90	131.86	Jan	184.7 185.5	184.7 186.0	187.0 185.0	184.5
Sep	138.40	137.50	135.00 138.90	133.85 136.90					195.0
Dec	189.00	140.25	139.25	138.80	MAIZE	5,000 bu n	nin; cents/5	61b bush	l
Mar	141.25 141.50	141.50 142.00	0	0		Close	Previous	High/Lo	
		11" 112,000			Mar	202/0	199/6	202/6	200/6
	Close	Previous			Mey	207/6	205/4	206/0	208/2
Mar	10.52	10,40	High/La		Sep	210/8 211/6	208/6 210/2	211/2 212/4	209/4 211/0
Mey	10.38	10.27	10.83 10.60	10.30 10.20	Dec	214/4	213/4	215/2	213/2
Jul	10.24	10.20	10.38	10.08	May	221 /4 225/0	220/6 224/0	221/4	220/2
Oct Jan	10.21 10.15	10:23 10:17	10.35	10.08			Min: cents/6		0
Mar	10.13	10.23	10.32	10.08		Close			
May	10.1B	10.17	10.20	10.20	Mar		Previous	High/Le	
COTTON		cente/Ros			May	326/6 326/8	323/2 323/2	327/2 327/0	324/2
	Close	Previous	High/Lo	N	ajul .	S17/0	318/0	318/0	324/0 315/4
Mar	63.60	84.88	64,95	83.55	Sep	320/4 330/0	320/0 328/4	321/4	320/0
May Jul	64.80	85.45 85.85	65.88 66.15	64.80 64.80	Mar	332/0	330/0	331/0 0	329/0
Oct	63.43	63.85	0	0 .	LIVEC	ATTLE 40,	000 the; can	ts/fbs	
Dec Mar	62.30 63.52	62.60 63.75	62.86 0	82.25 0		Closs	Previous	High/Le	
May	63.75	64.00	č	ŏ	Feb	68.17	68.70	68.80	88.05
OFIANGE	JUICE 1	5,000 lbs, c	ents/lbs		Apr	68.95 67.90	69.60	69.37	68.77
	Close	Previous	High/Lo	W	Aug	65.47	66.05	86.52 65.90	67.65
Nor	171.20	168.65	174.00	170.10	Oct Dec	64.42	64.90	64.90	65.36 64.40
Jul	171.45 171.30	169.50 169.20	178.50	170.50		85.06	86.50	85.45	65.05
Sep	168,00	166.50	172.85 170.00	170.20 168.00	PIAE M		D ID; cents/9	Dig.	
Now Jan	167.25 164.90	165.90	169.50	167,00	-	Cicee	Previous	High/Le	W
Mer	164.90	161,90 161,90	185.00 0	162.00 0	Feb Apr	47.70 45.55	48.02	48.40	47.35
May	164.90	161.90	Ō	0	ปนัก	48.47	45.70 48.40	46.30	45.25
					Jul	48.37	48.87	48.70	47.92 48.10
WOICE					Aug	47.17 42.40	48.67 42.27	47.40	48.60
RELTE	RS (Base)	September	18 1091	100	Dec	42,40	42.55	42.75 42.86	42.37 42.30
	Jan 22				Feb	42.50	42.12	43.00	42.50
			गकारी केवल		PORK	ELLIES 3	1,000 fos; os	ntu/ki	
	1760.9	1752,7	1740.7	1594.5		Close	Previous		
DOM Y	OMES (Ba	se: Decemb	xer 31 197	4 - 100)	Feb	57.BS	56.45	High/Lo	
Spot	133.80	133.12	184.46	115.82	Mar	58.47	59.25	59.00 59.80	57.50 58.50
-Utteres	136.26	135.30	136.35	115.74	May	60.00	60.50	61.05	58.30 59.60
					-	80.10	60.60	81.15	59.90

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

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1. 化铁型泵

Dollar held in narrow range

rate index 149.4 against 146.8

THE DOLLAR closed little according to the December fig-changed in very dull European ures. changed in very duil European trading yesterday. Dealers could see no reason to become heavily involved in a market for December, amid forecasts of lacking incentives.

US durable goods orders for E900m to £1.5bn and a current account shortfall of £300m to £450m.

December will be published account shortfall of £300m to £450m.

Sterling fell 1.05 cents to £450m.

Sterling fell 1.05 cents to £1.7715-1.7725. It also declined to DM2.9725 from DM2.9850; to 1 FF10.02 from FF10.0625; to 1 FF10.0625; t

tion is likely to limit any dollar weakness, but there also appears to be little reason for Trading was purely technical the currency to rise at present. In Frankfurt today, according to dealers, with the dollar from Y127.80, but improved to locked in a narrow range DM1.6775 from DM1.6745; to against the D-Mark of SFri.3615 from SFri.3555; and DM1.6700 and DM1.6775.

The dollar fell to Y127.75 to dealers, with the dollar from Y127.80, but improved to locked in a narrow range DM1.6775 from DM1.6745; to against the D-Mark of SFri.3615 from SFri.3555; and DM1.6700 and DM1.6775. On Bank of England figures. West German Bundesbank did

the dollar's index rose to 94.4 from 94.3. STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. December average 1.8269. Exchange rate index fell 0.8 to 74.4, compared with 72.7 six

Sterling's weaker trend appeared to be little more than a reflection of fading expectations about higher UK bank base rates. This followed last week's economic news on retail sales and industrial production, leading to suggestions of slower economic growth. The general picture is confusing however, with bank lending still strong,

E IN NEW YORK

Clase STERLING INDEX Jan 25 Previous 74.6 74.4 74.4 74.5 74.5 74.4 74.5

CURRENCY RATES

Special Drawing Rights Sank rate % 0.69(754 1.23493 1.58033 1.45200 41.1699 7.42822 2.06603 2.32117 6.96496 1517.85 157.576 7.86894 139.794 7.42575 1.67456 164.867 0.777122

CURRENCY MOVEMENTS

OTHER CURRENCIES

5.5360-5.5800 1.3955-1.3965 79.820-80.220 4.0660-4.0680 132.45-134.66 7.7930-7950 4.5360-4.5480 3929.60-3948.75 2.6450-2.6500 6.5505-6.6545 3.5940-3.6015 3.5215-3.5375 51505-5.3045 50.80-51.05 6.5110-6.5170 212.00-2272.00 1.4890-1.4915 3.7500-3.7510 2.0235-2.0295 1.9850-1.9890 2.8985-29850 28.55-28.65 3.6725-3.6735

MONEY MARKETS

London rates lower INTEREST RATES shed a fur- Exchequer transactions which

ther With of a point yesterday, added £100m and a fall in the reflecting a more relaxed atti-note circulation of £335m.

tude, as fears of an early rise in the forecast was revised to a shortage of around £250m and three-month interbank rate fell to 8%-8% p.c. from 8%-8% Recent economic data have

suggested that the UK economy may not be as much at risk of overheating as had previously been thought. However traders were a little wary, suggesting that confidence in the pound

UK clearing bank base lending rate 8½ per cent from December 4

release of UK trade figures provided a wider than expected

Short term money rates opened at 8% p.c. and fell to a low of 6 p.c.. Total help by the Bank of England suggested that funds had been left in the sys-The Bank of England forecast

a shortage of around £800m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £740m and banks' balances brought forward £15m below target. These were partly offset by ever liquidity levels are high.

shortage of around £250m and the Bank gave no assistance in the morning. In the afternoon, a further revision took the forecast back to a shortage of around £800m and the Bank gave -assistance of £244m through outright purchases of £8m of Treasury bills and £201m of eligible bank bills in band 1 at 8 p.c. and \$40m of was eligible bank bills in band 4 at 8

p.c. Late help came to £130m. making a total of \$874m. In Paris the Bank of France cut its key money market intervention rate to 7% p.c. from 7% p.c. and the seven date repurchase rate to 7% p.c. from 8 p.c. The cuts were made yesterday as the authorities provided FFr52.4bn through sale and repurchase agreements on first category, paper, replacing a maturing facility of FFr71.2bn.

The reduction in rates was seen as a reflection of the franc's steady performance within the EMS and a healthy outlook on inflation. In Frankfart call money remained at 3.00-3.10 p.c., its effective base, since the Bund-

esbank offers to sell short term

Treasury bills at 3 p.c. when-

FINANCIAL FUTURES

Gilts and bonds firmer

91.13 having been broken, there was scope for an advance

SHORT STERLING prices were in the first ten minutes, with influenced by a softer tone in only six ticks separating the Mr Karl Otto Pochl, President of the Bundesbank, said in cash rates yesterday and day's high and low. Bonn he saw a good chance of showed little reaction to the One trader suggested that any pound's weaker trend. Liffe move to above the 91.00 level-it the dollar stabilising at current levels, partly because it had almost halved in value against values were marked up at the closed yesterday at 91.14, up start, helped by recent eco- from 91.04-was only sustainnomic data which pointed able if economic growth did towards a slow down in eco- start to slow. With resistance at the D-Mark. He added a further fall was not in the interests of

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. However a mood of underlying caution prevented a real to around 91.20, but analysts attempt to push prices signifi- were quick to point out that, cantly higher. The March even at this stage, the rally was three-month sterling contract becoming a little over extended, opened firmer but the day's based as it is on one month's trading range was established figures.

December average 128.45. Exchange rate index 240.9 against 214.3 six months ago. Yesterday's bout of dull trading began in Tokyo, where there was a general reluctance to move the dollar. Japanese exporters are believed to be ready to sell of dollars at levels above Y128 but the central banks have created nervousness about intervention if too much downward pressure is put on the currency.
Lack of fresh factors also

Feb 12.20 7.25 7.25 0.93 0.16 0.00

Estimated valuate total, Calls 10 Puts 0 Previous day's open las: Calls 307 Puts

Previous day's open los: Calls 361,353 Previous day's volume: Calls 13,176 Pr

Estimated Volume 26/976 (24/989) Previous day's open int. 29626(24/99)

6% NOTIONAL LONG TERM JAPANESE BOVT. BOND Y100m 1000m of 100%

High Law 108.29 108.14 107.50 107.50

92.20 92.92 93.78 93.64

10W 92.69 92.45 92.20 91.93

41-12

Heat 90.97 90.82 90.82 90.71

High Low 177.50 176.00

High 92.75 92.50 92.25 91.97

92-03

1-mm. 3-mm. 6-mm. 12-mm. 17696 17653 17584 17460

1.7725 1.7650 1.7580 1.7540

1.7820 1.7745 1.7682 1.7634

High Low Prev. 120-15 120-02 119-25 120-08 120-06 119-21

20-YEAR 12% NOTIONAL GILT ESQ.000 32mb of 180%

7-10 YEAR 9% HITTOHAL SILT ESO,000 SZMA of 190%

Estimated Volume 431(216) Provious day's open les, 593 (593)

Close 92_24 90.97 90.63 90.68

Est., Vol., (inc., figs., hat phount) 9938(7736) Province day's open inc. 27402 (28186)

THREE MONTH STERLING 2500,000 points of 180%

PT-SE 100 REDEX 225 per full lodex point -

Size points of 180%

U.S. TREASURY BONES 8% \$290,000 32=4 of 100%

Estimated Volume 6492(8338) Previous day's open lat. 8503 (7526)

CURRENCY FUTURES

BUND-S (FOREIGN EXCHANGE)

London

kept the dollar in a narrow At the Frankfurt fixing the trading range, with dealers not expecting any significant move not intervene when the dollar by the dollar in the near future, was fixed at DM1.6745, compared with DM1.6700 on Friday. It closed at DM1.6775, against DM1.6735 before the weekend.

Compared by the dollar in the near future, unless tomorrow's US GNP news is particularly surprising. The dollar closed at Y127.45 in Tokyo, compared with Y127.70 on Friday.

•		•	ff .
	- ibenie		rigina a same
ELS	EUKUPEA	N CURRENCY	UNIT RATES

S EUROPEAN CURRENCY UNIT RATES									
	Control (Mass)	Currency	% change from central rate	% change adjusted for divergence	Divergence Built %				
an Frant	42,4582- 7,85212 2,05853 6,90403 2,31945 2,769411 -1483.58	43.1699 7.928.22 2.06623 6.96436 2.32117 0.7771222 1317.25	+148 +0.97 +0.36 +0.87 +0.08 +1.13 +2.39	+0.97 +0.26 -0.35 +0.16 -0.63 +0.42 +2.04	±1.5844 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752				

OLLA	R SPOT- I	ORWARD	AGAINST 1	THE I	DOLLAR	
J=25	Day's spread	Clase	One menth	96	Three mostls	%
K† cland; made siter lands, sigtem custors, German ottagal custors custors string medes custors custor	1.7685-1.7895 1.5830-2.5894 1.2787-1.2810 1.8790-1.8875 34.90-35.10 6.412-6.45 1.4700-1.6810 1.361-1.374 1.11-1.13.40 1.228-1.233 6.351-6.39 5.634-3.664 6.00-6.034 1.27.45-1.27.95 11.751-11.784 1.3535-1.3640	1.7715-1.7725. 1.5830-1.5840 1.2800-1.2810 1.8830-1.8840 35.00-35.10 6.440-6.45 1.6770-1.6780 137-1.37% 113.50-113.60 12314-12314 6.380-6.39 5.651-6.654 6.03-6.030 127.70-127.80 11.78-11.780-1.3620	0.26-0.23cpm 0.12-0.06cpm 0.18-0.20cps 0.49-0.46cpm 3d6-par 0.49-0.46cpm 90-1.50ceds 0.57-0.54cpm 90-130cds 50-65cds 3.00-4.00freds 1.80-4.15creds 0.25-0.40cps 1.20-1.35creds 0.34-0.31you 2.80-2.50greps 0.72-0.67cpm	166 0.64 -178 3.65 -224 3.98 -5.40 -3.41 -7.48 -0.59 -2.54 -	0.70-0.65pm: 0.34-0.24pm: 0.47-0.506s 1.37-1.34pm 8-3pm 2.95-3.55ds 1.56-1.51pm 290-300ds 135-165ds 10.00-13.00ds 11.30-11.70ds 1.30-11.70ds 3.55-3.85ds 0.94-0.90pm 8.10-7.10pm 1.78-1.73pm	152 0.73 2.88 2.63 2.63 2.63 2.63 2.63 2.63 2.63 2.63

Jan.25	Day's spread	Clase	One month	1 P.E.	Three	% Pa
JS	1.7685-1.7835 22651-2.2754		0.26-0.23cm 0.024x-0.06cm	1.66	0.70-0.65pm	15
Cetherlands . Selajam		\$183,330, - 6205-6215	11-1cper 20-3cpru	4.49	0.07dis-0.06pcs 4-33pam 45-24pm	01 34
erest.	11381-11-65. 11173-11230	1142-1143	114-0.10pm	255	1,-21,dis 0.39-0.29mm	22 -04 12
v. Corwan ortogal paig	2964-2984 240.50-243.57 209.70-201.56	2964-2974 290.50-291.50 200.70-201.00	15g-17actom 121-204cdis 65-94cdis	5.55 -8.09 -4.75	41 ₄ -35 ₉₀₀ 309-74766 177-225ds	53 62 40
alv	11.29 11.323	21811-21823 11.311-11.324 10.011-10.021	gar-6ifredis 43 ₆ -61 ₆ credis 11 ₆ -1 ₆ cpts	-1.65 -5.90	6-1745 251-261-45	21 54 04
epas	10.67-10.70 2251-227-	18.68° - 10.69° 2 225° - 226° 1	14-1-moretis	0.90 -1.07 4.97	11-100 11-165 27-23-100	-0.9 4.5
ustrin witterland .	20.87-20.95 2.404-2.414	20.91-20.95 2.403-2.413	13-11-com	7.76	1/43-120 ₂	6.7

EURO-CURRENCY INTEREST RATES

Jan.25	Short	7 Days patice	Dine Month	Three Months	Months.	Year
Sterfing US Dutter Can.	1000000000000000000000000000000000000	81-81 61-61 81-81 71-71 101-61 61-61 61-61	SPECE STREET SPEE	1859 THE PARTY OF	A PROPERTY PROPERTY OF THE PRO	SECTION OF STREET

EXCHA	EXCHANGE CROSS RATES									
J=25	2	\$	5M	Yes	F.Ft.	SFL	H FL	Lira	CS	B Fr.
<u>\$</u> .	1 0.564	1372	2.973 1.678	224.3 127.7	2752 3005	2413 1362	3.338 1.864	20 20 20 20 20 20 20 20 20 20 20 20 20 2	2.268 1.280	62.10 35.05
YEN!	0.336 4.439	0.5% 7.830	1314	76.12 1000.	3.370 44.28	0.812 10.66	號	733.9 9642	0.763	20.89 274.4
F.Fr.	0.998 8.424	1.768 0.734	2.967 1.232	225.8 93.78	10. 4113	2408 1	3.331 1.383	2178 9043	2.263 0.940	61.98 25.74
将列。 Lim	0.300 0.458	0.531 0.872	0.891	67.80 103.7	1002 1302	0.70 116	1.539	653.7 1000	0.679	18.60 28.46

MM-STERLING ST per C LIFFE-STEALING #25,000 5 per 2 0.781 1.311 99.78 4.418 1.064 1.672 9621 1 27.38 2.853 4.787 364.4 16.14 3.896 5.375 351.4 3.652 100. Yes per 1,000: Franch Fr. per 10: Like per 1,000: Beig

ian Fr. per 100.	Privious day's open (as. 226 (226)
FT LONDON INTERBANK FIXING	
(11.00 a.m. Jan.25) 3 months 85 dollars	6 mouths US Dollars
bid 6½ offer 7½	bid 71g off

The fixing rates are the arithmetic means rounded to the numeric one-sixteenth, of the hid and offered rates for \$10m quoted by the market to five restrence banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust. MONEY RATES Treasury Bills and Books

nchtisne) ne rate rer ione nate funds fundsintervention.	8.75 8.00	Dee moeth I wo worth I we worth Six worth One year I wo year		6.00 Flag	762°	7. 7. 8. 8.
Jamesy 25	Overnight	Cine Month	. Two Months	Three Months	Six Mostis	Lord
ichet	3.00-3.10 71-74 3.51-4 3.51-375 103-121- 3.95 80-85	325-340 17-15 17-15 17-12 100-11 61-61 81-81	3.25-3.40 73-77	3.90-3.45 8-85 13-22 43-42 14-25 101,-11 64-63 81-62	3.35-3.50 84-84 84-9	4.5 7.5
ONDON MON	EY RAT	TE\$		·		

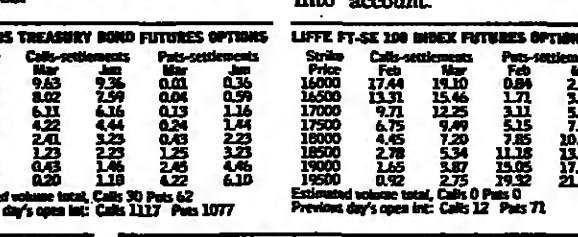
, 386.25	Character	notice	Month	Months	Mo-ths	Year
loterbesk Offer	83	£12 52€	80 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	B. 18.	62	94
Interhant Mid	6	674	834	87		94
Sterling CDs.	_	_	85	28	85	88
LOCAL Authority Deps. —	84	84	8 <u>1</u> .	24	82	91
Local Anthority Bonds	-	-	2	9	9)	
Discount Mit Deps	5 e	874	-	-	_	_
Company Deposits	5 ¹ 2	82	82	874	9	92
Figure House Deposits	5°a 5°2		812	28.5	876	94
Transport Bills (Bust)	_	-	82	85.		•
Treasury Bills (Bag)	_	•	88	84	82	
Fine Trade Bits (Boy)	-	-	84		91	
Dollar CDs	-	•	6.90-3.85	7.00-6.95	7.15 7.10	7.60-7.55
SDR Lieked Dep Offer	-	•	54	6	61	61
SDR Linked Dep Bid	_	- :	50	54	5.	61
ECU Linked Day Offer _	-	•	55	44	65	23
ECU Linked Dep Eld	-	-	51	630	63,	64
Trustury Billic (cell);	oca-croath &	e per cent; th	rer months 89	per cent; Ba	k Bals (sell):	de roomb 85
nee cast three months B	a ner cent: Ti	CASSILY BIRE	Average beads	COOK IN THE	ant 8.3005 6.4	FIRST LIES
Date Stavilles Funnet Floor	mer. Make is	CEV Decembe	7 SI . 1987. A	derivat reter to	r meried "Studi	M 20 1700 10
February 23 1989, 50M	Hee I. 1005	LC. Scientis	G & Rt. 10.04	D.C. Reference	e rate for disci	Od neceworit
1987 to December 31 , 1	987, Scheme	IV: 8.830 pc	Local Asthor	ty web Flores	e Houses seve	a days mobice,
others seven days Rand. I at seven days nation 3.00 hold-ender one month 7.5	Florance House	s Base Rate 9	200 from Jacob	my 1, 1968.	Bank Deposit	Rates for stalks
at seven days notice 3.00	1-3.50 per cer	at Certificate	s of Tax Depo	# (Series 6):	Depack £200	1000 Seq over
held wader one mosts 7.5	O per cest; or	n-Care manti	& BYZO DAL COX	it; three-six m	8.50 per	CONT. SA CHIE

Some traders were a little wary ahead of the release on Thursday of UK trade figures.
One analysts pointed out that after this month, the signifi-cance of trade figures on the market was likely to be much less. As from January, changes customs documentation in

Nevertheless, optimists retained the upper band, so that sterling's one cent and pfennig fall was not fully taken into account.

would make comparisons with

previous data extremely diffi-



Lineage SE 2/5 OPTIONS

890125 543	1.19 1.87 8.10 12.95 17.94	2.38 5.09 8.86 21.38 18.22	133 6.06 9.69 11.96	7.47 7.47 10.95 24.99 19.43	Previous LUFFE-	dig's op	en iat: Co LLAZ 61	8.85 5.50 3.10 1.75 0.60 85 e/2 Pr day 732	9.35 6.20 3.90 2.35 1.05 Pots 572	0.45 1.35 3.70 7.75 12.50	1.00 2.30 4.75 8.50 12.50	175 3.45 5.95 9.40 12.65	7.0 7.0 10.3 13.0
					Sim pole	d of 10	-						
m 85 20 75 55 96 96 96 96 96 96 96 96 96 96 96 96 96	Feb 0,25 0,50 1,05 2,05 1,55 7,20 7,20 5,515	Pits 0.30 1.30 2.05 3.28 4.70 6.50 8.50	1.55 2.25 3.20 4.35 5.80 7.45 9.30	Jun 2.50 3.35 4.35 4.40 5.65 7.10 8.75	Strike Price 90.25 90.50 90.75 91.00 91.25 91.50 91.75 Estimate Previous	Mar 2.48 2.23 1.98 1.73 1.46 1.24 1.00 6 volume day's op	225 200 177 154 131 110 0.90	Sep 2.08 1.86 1.64 1.44 1.24 1.06 0.89 84 30 Pm	Dec 1-92 1-52 1-53 1-16 0-99 0-84	Mar 0.00 0.00 0.00 0.00 0.01 0.01	0.02 0.02 0.04 0.06 0.06 0.12 0.17	Sep 0.10 0.13 0.16 0.21 0.26 0.33 0.41	0.2 0.3 0.3 0.3 0.4 0.6

CHICAGO 91-12 90-15 99-21 88-27 91-25 90-24 89-29 89-29 0.7873 DEUTSCHE MARK (TMM) DM125,000 S per Bill

SWISS FIDANC (IMM) SPr 125,000 \$ per SFr 1.7435 0.7521

0.7856 0.7885 0.7917 0.7946 0.8000 0.8025 - 0.8085 - 0.8155 0.6000 0.6020 0.6038 0.6074 0.6110 0.6131 0.6010 0.6010 THREE-MONTH EVECOBILAR (SAME) \$1an points of 180% 96.12 93.88 93.63 44.00 44.00 44.00 44.00 44.00 100 9268 9244 9220 91.93 91.70 91.32 91.17 STANDARD & POORS 500 BIDEX \$500 times index Les Prev. 0.7419 0.7453 0.7510 0.7531 0.7595 0.7609 - 0.7690 0.7422 0.7513 0.7595

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I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SWIW OBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO WALL STREET Jan. 1408/1420 -14 Jan. 1758/1770 -16 Feb. 1764/1776 -10 Jan 1915/1931 +19 Feb. 1413/1425 -9 Mar. 1920/1936 +19

Prices taken at 5pm and change is from previous close at 9pm

EWORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on Monday, January,25,1987. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from these of foreign currencies to which they are

Alternations: (A) approximate rate, as direct quotation available; (F) free rate; (P) based on US dollar parities and going starting-dollar rates; (T) browist rate; (Bas) basic rate; (bg) business rate; (cm) consumercial rate; (ch) convertible rate; (fg) financial rate; (exC) exchange certificate rate; (cc) on commercial rate; (non) nominal; (o) official rate; (sg) setting rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF 2 STERLING	COUNTRY	CURRENCY	VALUE OF 2 STERLING	COUNTRY	CURRENCY	VALUE OF 2 STERLING
Afginoistan	Afghani	99.25	Gibrakar	Gibraitar 2	1.00			£568.57
Albania	Lek	10.0323	Greece	Oracheaa.	237.45	Paragray	Guarani	1545.81
Ngerla	Dipar	37145	Greedand	Danish Krone	11.4250			
Anderra	French Franc Spacish Peseta	(501.00 200.85	Grepada	E. Caribbean \$	4.7966			58.63
Augola	Kaasa	55.0170	Geography	Local Franc U.S. \$	10.02 1.7720	Pers	Tank I	{74.62 {79.95
Antioga	E. Carribeans	4.7966		The second secon	/1.7720			111.92
Argestista	Austral	9.8702	Gratemate	Quetzal	(1) 4.5661			
Arribe	Floria	3.1986	Guines	Franc	532.95	Philippines	Peso	36.50 1.00
Lestralia	Airstralians	2.4800	Guinea-Sistate	Peso	1154.73	Pitcaira Islands	g2 Sterling	
Apstria	Schilling Portuguese Escado	20.93 241.00	G9303	Gayanese \$	15.975		N.Z. Dollar	2.6475
	rungeet tiens	24100	Halti	Conde	0.0050	Portugal	Ziaty(a) Escado	567.11 241.00
<u> </u>	Baharna S	1.7720	Honderas	Legativa	6.8850 355.36	Prerto Rico	U.S. \$	17720
Rahrale	Dieser	0.6700	Hong Kong	H.K. \$	13.8490	Ostar	Rival	6.4690
Baleeric Islands	Spanish Peseta	200.85	Hongary	Foriat	84.9836		_	
Bangladesh	Taka Barbados S	55.00 3.5741		icelandic Kronn	4544	Reunion tsie de la	French Franc	10.02
		(Cm) 6210	lociand	todan Rupee	65.66	Romania	Les (c) Franc	15.26 135.04
Belgians	Belglas Franc	l(fn) 62.20	Indonesia	Replate	23.20 2968.46	N. W. C. S. C.	riak	13339
Belize	B.S.	3.5540 501.00 1.7720	pan	Mai _	120.35	St Christopher	E. Carthhean \$	4.7966
Segio	C.F.A. Franc	502.00	Iris Republic	Iraqi Dicar	0.5561 11185	St Heleria	Powed	1.00 4.7966
Bertan	Serrousian \$	23.20	STAR	Pust Shekei	2.61	St Lucia	E. Caribbean S	4,7966
Boliels	Ngaterum Boliviano	19261	haly	Lira	2182.25	St Pierre	French Franc E. Carlabean \$	10.02 4.7966
3015m2+2	Pula	3.9261 2.8850 142.175	Ivory Coast	C.F.A. Franc	S01.00	Sen Marino	Italian Ling	2182 25
Search	Creates	142175	Janaica	Januaican Dollar	9,580	San Marino	Dobra	58.617
eritist Virgin Islands	U.S.S	1.7720	Jação	Yes	226.25 0,6005	Saudi Arabia	Rival	6.6025
Branci	BrunelŞ Lev	3.5978 1.5184	Jordan	Jordanian Dinar	WOOD	Senegal	C.F.A. Franc	501.00
Barden Fast	C.F.A Franc	501.00	Kampochea	Riei	N/A	Sierra Leoge	Rupee Leone	9.50 38.10
3a-722	Kyat	10.8865	Keng	Kenya Shifting	30.20 i	Slagagore	Dollar	3.5978
3µrm6i	Burned Franc	212.50	Stiribati	Autorities 5	2.4800	Slogapore	Dollar	3.5479
	C.F.A Franc	501.00	(Corea (north)	Wee Wee	16704	Somali Republic	Shilling (d)	213.60
	Canadian S	2.2675	SCHOOL COMMENT	Kırmalti Digar	1402.87 6.48875	South Airica	Rand	(cm) 3.4130
actory (classic	Canadian \$ Spanish Peseta	200.85				Saala	Peseta	(fin) 5.2275 200.85
ape Verde Islands	Cape V Escucio	158.63 1.4838	Lacs	New Kip	62.195	Spenish Ports In N Africa	Spanish Penta	200.85
est Afr. Republic	Campan Isles 5	1.4838 501.00	Letato	Lebenese 2 Mahui	79601	Sri Lanka	Rupee	200.85 55.00
20	C.F.A. Franc	501.00	Liberia	Liberian S	3.4130 1.7720	Surian	Pound (c)(1)	7.9965
1116	Chilego Peso	453.77	Libya		0.4972	Sweetland	Libageal	3.1719 3.4130
Itima	Receptabli Yosh	6.6979	Liecheustela	Sees Franc	2.4125 62.10	Sweden	Kreen	10.69
Colombia	Col.Peso C.F.A. Franc	475.70 500.00		Littenboory Franc	62.30	Switzerland	Franc	2.4125
omoro Islands	C.F.A. Franc	501.00 501.00	Macao	Patara	14.26	Syria	Pound (a) Collar (g)	6.9647
Costa Rica	Colea	123.02 1.3027	Madeira	Portugues Escudo	241.00	T3472013	Shilling	50.94 161.05
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		(CORO) 9.30	Maldes Islands	Ringgit Raflyra	17.9477	Tonga Islands	Paranga Dollar	2.4800 6.3972
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BR P	FL 45	350	0.40	20	0.00	82	10.80	FL 36.8
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VHOLD P	FL 70	20 147	4.50 3.10		1 - 1	_	1 - 1	FL 69.9
1K70 C	FL 100	100	310	74	1 5 11	4	7.70	FL 89.1
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MEV P	F1. 30	_	-	_	_	20	2 4	FL 38.4
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XOBECO C	FL 85 FL 75	10	<u> 250</u>	_2	5.50 2.40 3.10 14.50 12 4.90 A	-	[-]	FL 83.1
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iuli ei ce c	FL 120	1	1 14	222	18.80	10	20.50	FL 107 <u>.5</u>
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	BAS	E LENDING R	RATES
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ASSOCIATE CAN LOT .	10	Doncas Laurie 81 ₂	Regal Bix of Scotland 172
Anthority Bank		Equatorial Bank pit 812	Rogal Trast Bank 872
B & C Merchant Bank		Exetty Trest Ltd 9	Smith & Williams Secs. 82
Barco de Baltaro		Financial & Gen. Sec 9	Sandari Diariossi 81 ₂
Bank Hancstin		First Nat. Sec. Ltd 912	TSB 8 ¹ ₂
Bank Lenni (UR)		Robert Fleming & Co 812	007 Mortgage Exp \$10.2
Sank Credit & Cours		Robert Fraser & Phas. 92	tielied Sk of Kanait — 812
Bank of Cypres	_ 82	Girobask 8½	United Microbi Bank 812
Bank of Ireland	_ 52	Grindlaps Bank 81 ₂	Hasing Trust Basek Pic 822
Bank of Jadia	_ 82	Guines Maion 812	Western Trust 1372
Bank of Scotland	_ 82	NFC Trest & Savings _ 82	Westpac Bank Corp 81 ₂
Banque Belge Ltd	_ 82	Hambros Bank 832	Whiteaway Laidlaw 9
Barclays Bank	8 ¹ 2	Heritable & Ges Inv Bk 812	Yorksine Sank 82
Benchmark Bank PLO	, El ₂	● Hill Samuel 50°2	
Berliner Bank AG	_ 812	C. Hoare & Co 81 ₂	• Members of the Accepting Houses
Brit Ble Mid East .	_ 812	Hongkoog & Sharigh 812	Committee. * 7 day deposits 3.50%
D Brown Shipley	812	Litysk Bask 852	Serence 6.16%. Top Tier-62,500+ at 3
Business Mige To	_ 82	Meghaa Bank Ltd 802	months' notice 7.81%. At call when
CL Bank Rederland		Midland Bask 82	210,000+ remains deposited. •
Central Capital		• Norga Grafel 82	Mortgage base rate. § Designal deposit
Chartestouse Back		Mound Being Corp 81 ₂	3.47%. Mortgage 10% - 10.25%

	THE FOLLOWING PROPERTY SURVEYS IN 1988.
29th January 26th February 11th March 8th April 20th May 24th June	Auctions West End and Victoria property Property in the North of England M4 Property M3/M27 Property Office Property

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or write to Commercial Property Advertising Dept. Financial Times Bracken House 10 Cannon Street London EC4P 4BY

FT CROSSWORD No.6,539 SET BY DANTE

- ACROSS

 1 It brings success and failure in turn (5,2,7)

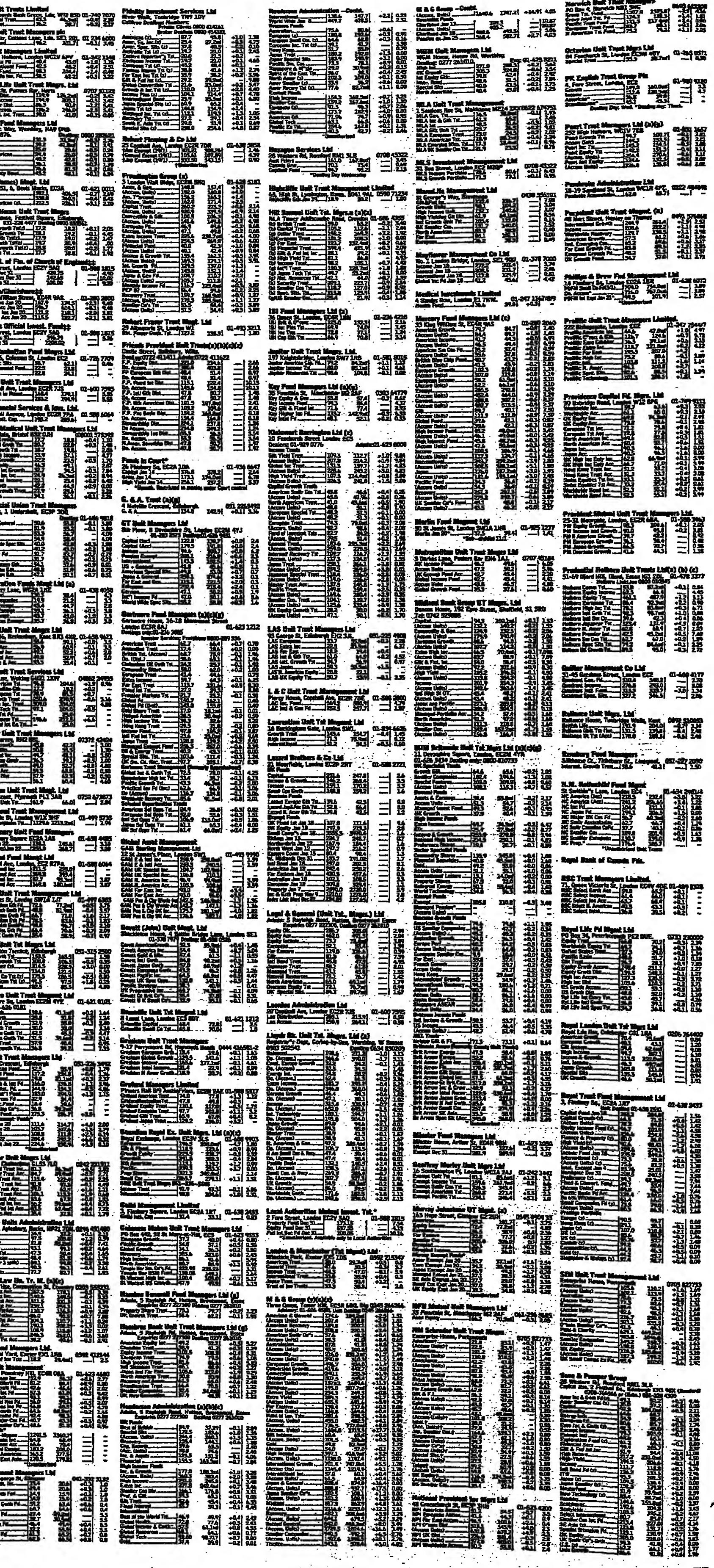
 10 Copper band (5) 11 Digs out unusual sex caveat
- 12 The state needs me to reor-13 The dull are attracted by
- variety (7)
 14 Council saying evil is peculiar? (5) 16 Top gear when going into a corner? (6,3)
 19 One having a sea-view? (3,6) 20 After CSE? (5) 22 Reason many resort to the
- Riviera (3,4)
 25 Impudence rebuffed by stern traveller (7) 27 Using shaped neck, pours tots (7,2) 28 A learner gets large amount of grant (5)
- 29 A wearing conflict? (3,2,9) DOWN 2 Mum's dowry? (4,5) 3 Pulls level against the odds
- 4 Such a discussion gives opportunity for falling out
- & It may give shop a good name 6 Rotating arms? (9)

7 Issue of extreme importance

- 8 Relaxed in the deep USA per-haps (5,2)
 9 Passed around the quarter-15 Starts on the green and accelerates away (6,3) 17 Sheets changed daily (9) 18 She's used to getting low scores (9) 19 Knocked out, Webster lay spread out (7)
- 21 There's hostility when I cast my net around (6) 28 It's more pleasant back in the precinct (5) 24 Stone cast in attack (5) 26 Didn't go straight up an inlet?(5)Solution to Passie No.6,538

BLUMPS PASSPORT O N O S C C U LUCERN OPERATED D H T T A R O TRAVEL TRAPDOOR Y R N DOE F I S PAGODA W D E E SPARROW P S E O GODOWN F S A SPA O S I INTUMATE UDUING A A O E H T G CAROUSAL LURINE FYR RENK

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AUTHORISED	CCL Unit Treats Limited 74. Shapends Back Green, Lds. W12 850 02-740 7070	Fidulity Investment Service Hirt-Wall, Techniqu-707 10
UNIT TRUSTS	CIBC Unit Treat Managers pic Controls Cor, Cottons Lane, Lan. SE2 201, 07 234 6000 Greath Fundamental Limited	Americas (2)
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Commodity & Every 71.2 77.5 +0.4 1.17 European Capalar 40.9 41.4 +0.6 1.15 Green L. 153.8 144.6 +0.4 2.79 Japan 85.9 71.5 +0.4 2.79 Market Fronth Acc Outs 181.6 194.2 +0.6 1.24 91 Growth Acc Outs 181.6 194.2 +0.6 1.24 91 Growth Ott 1724 1725 +0.5 1.81 BLS Contribute Cors. 38.9 40.4 +0.5 0.00 Income & Growth 255.5 51.8 +0.8 3.77 Exhibit Growth 578.5 51.5 42.2 +0.2 2.96	01702 8876. Grands 10.2	Robert Fleming & Co Ltd 25 Copthall Ave. Landup EU2R 1Am Count (1971)
Abtract Management Ltd 10 Queens Terracz, Aberdeen AB9 1Q1	Capel (James) Magt. Ltd PO Box 551, 6, Berts Maris, DC3A 01-621 0011 Capital 224 Internal American (S. 2225 2241 +531 230	Frankington Group (2) 3 London Wall Steps, SC291 SM Amer, & Gen
Forwarly Patric Frant Managery United Attriction	Capital House Unit Trust Mages Capital House, Festival Square, Ediabarch, 011-226 4477 Danling 0000 825562 Escape & Growth Tell	CACCINE, Clothel
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Cacons Units	\$ & C Spec Sits	F.P. Equity Dist. 271.0 Dr. Account Edit Dist. 48.4 Dr. Account Edit Dist. 48.4 F.P. Physic Set Dist. 115.1 Dr. Account 145.6 F.P. 191 Gd Dist. 47.8
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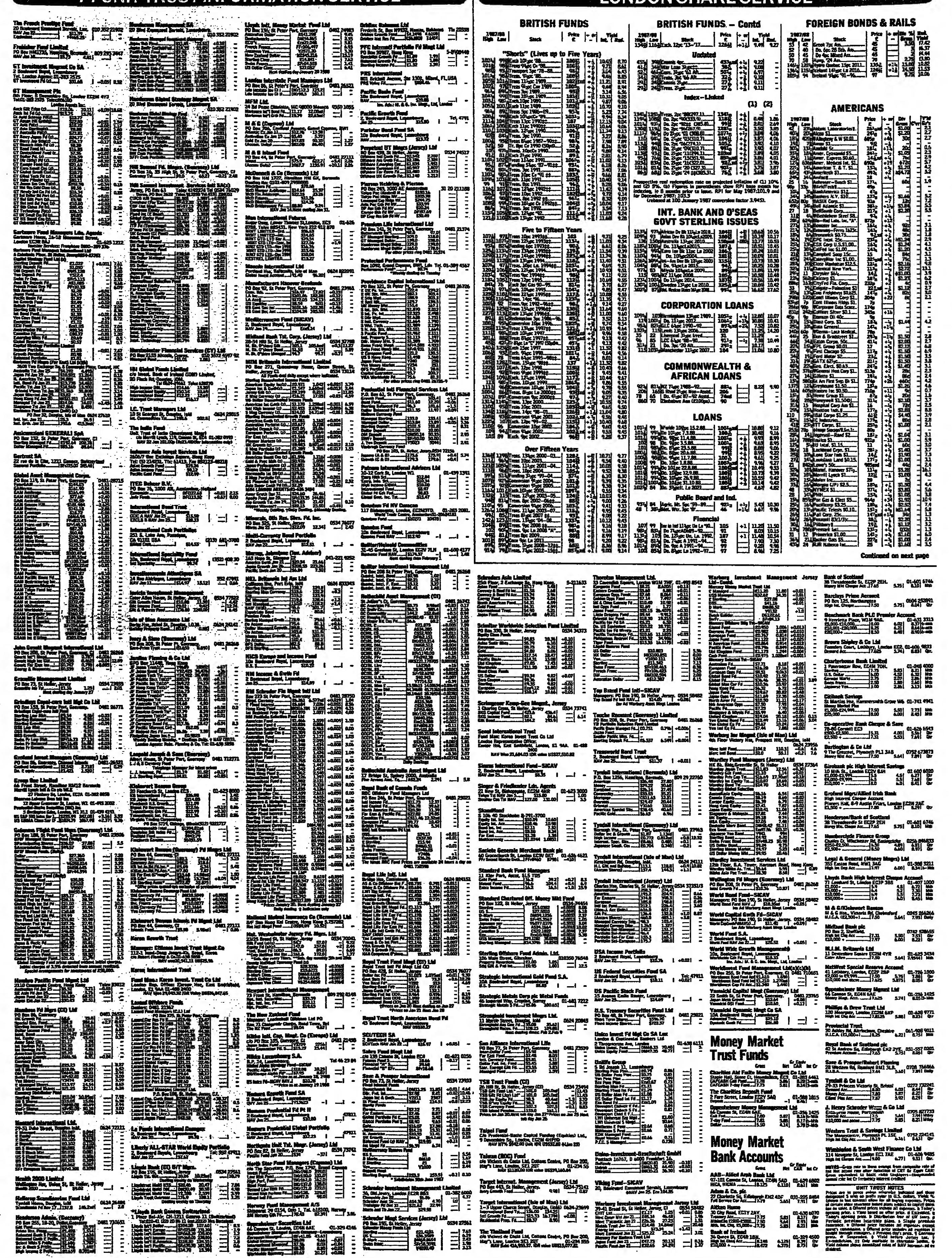
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Account Dealing Dates Option First Declara Last Account Dealings tions Dealings Day Jan 11 Jan 21 Jan 22 Feb 1 Jan 25 Feb 4 Feb 5 Feb 15 Feb 8 Feb 18 Feb 19 Feb 29 There time dealings may take place from 9.00 am two business days carrier. RENEWED CONCERN over the

economic outlook, and specifi-cally over the prospects for the UK economy, brought a gloomy trading session in the UK stock markets. While trading in shares was very thin, the domestic leaders slipped lower from the opening as the City cautiously awaited the release today of the latest survey of business opinion by the Confederation of British Industry, which will be followed on Thursday by the UK trade figures for December. Activity in the international stocks was restrained ahead of President Reagan's State of the Union

The stage had been set at the weekend by bearish views on US from Mr Gordon Pepper, the on Friday. bond expert at Midland Montagu, the UK securities house. Equities dipped towards the FT-SE index support level of 1750, as the first day of the new trading account got under way. However, a sharp rise on Wall Street ahead of President Reagan's Address to Congress

its early loss. The FT-SE 100 Index ended a net 8.7 down at 1762.2. But the true picture of the day came in the low turnover levels. At 5.00pm, only 273.8m shares had been traded, one of the lowest daily totals recorded and a puny comparison with the daily figures of 600m -

helped London recover some of

800m on busy days. Outside the bid-fevered oil sector, few of the major stocks recorded turnover significantly above the 1m share level. Shell. Fisons and ICI were on the downside throughout despite a slightly easier trend in the pound. The City was poised for a response from Britoil to the surprise move by British Petroleum to buy the key 24 per cent stake in Britoil held by Atlantic Richfield, but the market was left on tenterhooks at the close

of business. But the hints of slower growth in the domestic economy were good for the Government bond sector. Estimates for the deficit on the UK current trade account for December range to £300m-£400m, with Nomura Securities taking the lower end of the scale. The Nomura economists comment that "the prospect for slower economic growth, exchange rate stability and fading fears of a rise in interest rates can set the scene for a sustained first quarter rally in giits".

Demand for bonds remained good, and prices resisted prof-

EQUITY GROUPS

Slack trading session for equities but Government bonds continue to advance

it-taking, to close with gains spread across the range of the market in good two-way trade. The market looked very firm at the end of the day when US bonds were advancing as trad-ers waited for President Reagan's address to Congress.

Short-dated Gilts responded well at first to a firmer trend in London money market rates which reflected a lifting of immediate concerns over the next trend of UK bank base rates. But most of the activity came in the longer dates, where gains reached to ½ point.
The continued demand for

Government stocks showed itself in the Index-linked sector, UK growth prospects from the London Business School and by around £130m of the £150m of predictions of a recession in the new taplet tranchettes offered

The \$50m of 2% pc IL Treasury'13 was taken out in one swoop when the Bank sold the stock at 85%, against the offer price of 85%. Also wiped out was the £50m of 21/2 pc Treasury'20, issued at 90%, and sold at 90%, at 90% and finally at 90%. A good part of

104% and at 104%. The Index-linked stocks were conventional Gilt-edged stocks. rather than establishing any particular point about inflation- mid-February.

ary views, said market traders. attention in oils as the City ment. The market still expects news on Britoil's search for a unwanted bid from BP, which was increased late on Friday to Tony Berry, the Chairman £2.5bn by BP's agreement to acquire the Atlantic Richfield stake in Britoil. But Britoil stock, finally at 478p, remained

that it might be one of the potential White Knights, dipped a to 138p, as 8m shares were

source friendly to Britoil.

Just over 2m "old" shares in traded, with the price finally from Friday's close of 75p, turned in a turnover of 3.9m. Meanwhile, there was plenty

	Jan.	Jan	Jan.	Jan.	Jan.	Year Ago	Year	198	7/08	Since Co	perpliation .
	25	22	21	20	19		High	Low	High	Low	
Government Sers	89.39	88.69	88.59	88.35	88.19	85.49	93.37	83.73	127.4	49.18	
Fixed interest	95.46	94.70	94.73	94.51	94,44	91.75	(8/5/87) 99.12 (1.5/6/87)	90.23 (2/1/87)	(9/1/35) 105.4 (29/11/47)	50.53 50.53 GN/75)	
Ordinary V	1414.0	1421.0	1404.0	1409.2	1423.0	141.2	1926.2	1232.0	1926-2 (1677/87)	49.4	
Gold Mines	279.1	279.9	279.9	281.3	284.1	318.5	497.5 (4/8/87)	261.6 (6/11/87)	734.7 0.5/2/833	43.5 (26/10/71)	
Ord, Dh.Yield	4.43	4.40	4.45	4.43	4.39	4.03		S.E AC	TIVITY		
Earnings Yid. %(fell)		11.02	11.16	11.11	10.99	9.47	l l	odices	Jan.22	Jan 21	
P/E Ratio (net)(*)	10.92	11.12	10.98	11.03	11.15	12.94		Bargalus		125.9	
SEAQ Bargaios (Spm)	22,950	28,744	25,150	23,393	23,749	37,845	Equity Barg	P	d :	174.4 2304.4	
Equity Tyracver (Em)	•	•	1140.10	863.65	1074.60	1188.27	5-Day avers	ige	_1	1	
Equity Bargains	-	-	25,919	25,455	24,504	46,908	Gik Edged	Bargeins pies		126.B 177.9	
Slages Traded (mi)	•	-	425.1	421.3	352.1	490.4	Equity Value	•	7 -	2086.8	
Φ Opening 10 a.m. 11 a.m. 12 p.m. 1 p.m. 2 p.m. 3 p.m. 4 p.m. 1416.8 1415.5 1409.9 1410.8 1410.1 1411.1 1411.3 1409.7											
Basis 100 Gost.	 Secs 15/10		High 1			low 140 Moes 12/9		May 1974, *			

the \$50m of 21/2 pc Treasury tors elsewhere in the energy '03, issued at 1042 was sold at sector. Burmah Oil at 488p, gained a further 5 in heavy be announced but the group shares moving through the Seag trading on hopes of an immi- normally presents its prelimi- system, but the price was again moving in response to the nent bid, while Tricentrol nary statement during the lat- hardly changed at 493p. moved up 6 to 167p as Elf of ter part of March. France extended its offer to

anticipated following the news, awaited news from the meeting just one day ahead of the of the board which, in the expected announcement of the event, brought no new develop- annual results, that Mr Christopher Castleman had resigned as Managing Director and Chief White Knight to head off the Executive, after an apparent

Arrow's acquisition last year of

Guinness shares were signifiing and spirits group bought in discontinued its buy-in proof action to satisfy the specula- gramme ahead of disclosure of clearing banks was mainly con-

Wed

10.78

10.78

10.25

10.85

18.91

10.91

the 1987 annual results. A date fined to inter-broker dealing for the announcement is yet to screens. Barclays showed 1.4m

approval to buy in up to 10 per tor and. Guinness apart, the Blue Arrow returned to the cent (around 83m shares) of its only stocks to attract interest Britoil was the focus of limelight a little sooner than stock and yesterday disclosed were those currently favoured total purchases of about 13m so as possible bid or break-up tarfar. The shares have been a 'gets. Vaux, last week's forerunweak market since the High ner, moved higher again to Court action to overthrow a 512p while Greene King rose 6 Takeover Panel began last Mon- more to 474p. Both shares were day week, but edged firmer yes- marked higher at the outset folterday to 288p.

fectionery concern, was one of lian brewing group, but The shares fell 7 to 93p on the few stocks to attract above consequently made little more volume of some 3.2m. Blue average turnover with some headway. 750,000 shares changing hands; Manpower of the US was the price rose 7 to 452p after mai turnover among leading well shy of the 500p cash now funded by one of the largest news that the company is seek- Building issues. Blue Circle, 5 offered by BP. The market was (£837m) rights issues ever ing buyers for its savoury off at 431p, attracted a turnlooking at a range of possibili- made in the UK stock market. snacks business, Tom's Foods over of only 264,000 shares as ties, including a possible inter- Blue Arrow has already fore- and Rowntree Snack Foods. dealers contemplated whether vention by the Office of Fair cast pre-tax profits of \$20m for Rowntree sees increasing com- or not the company may Trading, or counter bid from a the year to October 1987, but petition in snack foods markets increase its offer for foundry analysts hope for around £24m, and hopes that the eventual products manufacturer Birmid British Gas, which refused with one month of Manpower sale will release financial and Quiacast AMEC settled a shade comment on market rumours earnings expected to be management resources for the off at 831p as a line of some company's other businesses.

cantly less active than on Fri- tree director would not put a pany has acquired Philadeldayigh volume when the brew- price on the two companies phia-based Fire Protection being sold but expects to realise British Petroleum were some 6.55m more of its own more than the \$155m paid in shares. Turnover, including a 1983. Rowntree admits that it little changed at 258p, while sizeable crossed order, has received several the "new", also hardly changed amounted to only 2.1m shares, approaches from different parand this reinforced suspicions ties for both companies in the that the group had temporarily past, before the decision to sell. Business among the major Mercentile Stepped Prot.

Few deals of any size were Guinness has shareholders' transacted in the Brewery seclowing fresh conjecture condifference of opinion with Mr Rowntree, the major UK con- cerning Elders IXL, the Austra-

Marketmakers reported mini-400,000 shares were placed Mr Nick Nightingale, a Rown- around the 328p level; the com-

Trees. Spc. Cv 1980 (£50pd), Trees. Shipt. Ln "C" 1987 (£50pd), Trees. Shipt.

Industries, a fire protection at 201p. Elsewhere, press mencompany which reportedly has a turnover of some \$20m in Arlen, 128p, and in Dowding Among second-line issues. Rob. & Mills, 57p. The listing of ert M. Douglas attracted per-Cranbrook Electronic vwss sistent demand ahead of Fri-suspended with the price at day's half-timer and rose 11 to 75p.

firmed ? to 288p. Demand in:a change in a shareholding, restricted market lifted Newer advanced 22 further to 310p. thill % to \$12. John Laing Bid speculation gave a sharp firmed 5 to 280p following: a boost to Woodhouse and broker's visit to the company. Rixon which closed 13 to the seasion and usually regained usually regained to continued to ignore the good at 98p. Hall Engineering earlier losses. In fact, Land were also noteworthy for a rise Securities finished with a net mance and drifted back to close of 13 at 305p, while revived

% cheaper at £10%.

Leading stores failed to build orders left VSEL Consortium on last week's recovery move- 32 higher at 522p in a limited ment. Among the occasional market. TI Group edged up a features in the sector, Under- few pence to 335p on news of woods encountered speculative the completion of the sale of activity amid Woolworth bid the peripheral US engineering rumours and the shares closed 32 higher at 148p. The latter approximately \$200m. gave up 8 to 265p. The excitattention to Lloyds Chemists Booker attracted occasional forecasting pre-tax profits of unchanged at 284p awaiting around \$30m.

An early attempt to improve profits in the region of £12.5m by the Electrical leaders soon are expected, but several leadtronics were unaffected by given the absence of any bid favourable comment plus news developments. of a new Middle East contract unveil its interim figures today:

Burgess slumped following revised lower terms from RHP. necessitated by a mix of adverse factors. These include financial irregularities at a German subsidiary, problems in the US and unfavourable trading conditions at the UK coin division. Burgess closed 42 down at

CANADIANS (1) Spiral Eng., MANGE (2) Ansbecher (H), Commerchank, CHENECALS

(1) Bayer AG, FOOOS (1) Matthews (B.). LEISURE (1) Trilion, PROPERTY (1) Clay-form Prop. Warrists, TRUSTS (1) Second-Market Inv., SIMES (2) Kinsons, St. Helens.

NEW HIGHS AND LOWS FOR 1987/88

faded and many closed slightly ing brokers consider the shares International which rose 5 to softer for choice. Recal Elec- overvalued on fundamentals 393p.

The major international and settled 31/2 lower at 231p. stocks passed an extremely just 13,387 contracts made up The group is scheduled to quiet trading session. A slightly marketmakers are hoping for firmer opening on Wall Street 915 calls and 870 puts. an encouraging statement and failed to help sentiment. Hanprofits within the £40m to son were one of the few stocks to attract attention and bucked the trend with a modest gain of 2 at 133 /m in a volume of some 5.6m shares. Glavo, in contrast gave up % to £10% in the wake

hopes of Canadian submarine

businesses of Houdaille for

Thursday's interim results:

of bearish newspaper comment on the company's short-term propsects in view of the recent fall in the dollar. speculative activity left AAF 235 while RHP settled 12 lower Investments 27 dearer at 127p. Favourable week-end Press

mention enlivened fresh interest in Airsprang which rose 8 to 213p; the company recently announced that it had filed joint patent for a new fire resis-Bid speculation prompted a lively trade in GRA which

touched 110p prior to closing couple of pence dearer at 100p. A Press suggestion that EEF, the commercial vehicle mannfacturer, could amounce sharply higher profits later this year touched off demand which, in a thin market, reised the shares 9 to 252p, a level only 21 off the high for 1987/88 high. Features in the Motor section were otherwise few but Lex Service backtracked as profits were taken after the recent good recovery and the close was 11 down at 306p.

Reed International follower

day's half-timer and rose 11 to 75p.

265p, while Wiggins gained 10

Birmid Qualcust moved the trend of other international stocks and ended 5 off at 407p, while Agency issues pursued an increased bid follow-through support, but from Blue Circle; the latter is certain other housebuilders made progress on talk of a broker's bullish circular in the office cash. Among other Engineering Persimmon added a couple (Leicester), still reflecting last of pence to 137p and Berkeley week's announcement of a large firmed 7 to 288p. Demand in a change in a shareholding. the trend of other international group, gained 3 to 260p after unveiling record annual profits. rise of 9 at 474p having been down to 463p at one stage. MEPC were finally 7 dearer at 459p and British Land a shade better on balance at 277p. Elsewhere, a 28 per cent increase in pre-tax helf-year profits

BAT Industries edged for-Significant movements in the ward in a light volume, supment in Underwoods drew Food sector were few, but ported to some extent by anslysts circulating their revised which improved 9 to 132p, buying interest and rose 7 to views of prospects after last W.H. Smith, scheduled to 408p, while Iceland Frozen week's meetings with the reveal interim figures tomor- Foods moved up 14 to 307p group. One advised that the row, drifted back to close 8 helped by a broker's recommen- recent profits downgrading cheaper at 321p; analysts are dation. Fitch Lovell were should be kept in perspective and rated the shares, up 5 at 428p, a "buy". A UK recommendation for Philip Morris genersted enthusiasm for Rothmans

boosted London Shop 5 to

Traded option business fell well short of Friday's relativity high level. Turnover slumped to of 9,101 calls and 4,286 puts. better brend in the dollar and a. The FTSE contract attracted

Traditional Options

First dealings Jan 18 Lest dealings Jan 29 Last decigrations Apr 21 Por Settlement May 3

For rate indications see end of

London Share Service Dealers reported a low level of interest in the Traditional option market. Stocks to attract money for the call included Maxwell Communication, Epicure, Control Securities. Northern Engineering, Propcrty Trust and Ultramer, Puts were taken out in Blue Arrow and George Wimpey, but no double options were reported.

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Monday January 25 1988

	& SUB-S	FCTI	ANG		muluay January 23 1760							22	2	20	(Stbury)			
F	gures in parenthe		number ({ 41	der la	Day's Jacoge %	Est. Earnin Yield? Cldax	\$ 1	Gross Dhu Yleidhis (Act at (27%)	Est. P/E Ratio (Net)	nd adj. 1988 to date	ladex No.	index No.	intex No.	index No.			
1	CAPITAL GOOD				1.25	-0.2	9.7		3.90	12.93								
2	Building Materia	nis (30)	40.41	97		-0.3	18.0		3.85	12.36	0.43							
3	Costracting, Cos Electricals (12)	RELEATED	(34)	203	2.07 5.86	-0.2 -0.4	9.2 9.1		3.42 4.75	14.36 14.13	0.38 0.00	1455.68 2043.40			1295.95			
5	Electronics (32)				0.81	+0.2	10.5		3.42	12.43	6.09	1517.79			1899.48 1668.71			
6	Mechanical Engi					+0.1	9.6		4.29	13.11	6.19							
8	Metals and Meta	i Formin	g (7)	44		-0.8	9.7		3.80	12.36	0.00							
9	Motors (13)		-	27	296	-1.2	11.1	1	426 413	18.48	0.08	276.28						
<u>0</u>	Other Industrial					-0.4	8.3		4.13	14.31	2.67	1260.72			1250.35			
1 2	CONSUMER GR Brewers and Dis				5.41 1.34	-0.6 -0.2	8.5 11.3		3.53 4.02	14.89	9,62 0.02	983.65	1029,43		1017.75			
5	Food Manufactu				5.86	-0.2	8.9	_	3.77	14.46	1.66							
6	Food Retailing C				7.77		7.7		2,95	17.13	4.39	2978.13			1935.50			
7	Health and Hous	ebold Pro	xtucts (1))} 276	7.50	-0.7	6.6	3	2.54	27.98	0.83		1747.71		2854.81			
9	Leisure (31)			117	8.43	-0.2	7.7		4.00	16.04	0.00		1171.69					
1	Packaging & Par Publishing & Pri	per (16)	Magazzarana L			-0.6	8.6		3.73	15.17	0.46	495.87						
2	Stores (34)	using (To	L)	27U		-0.7 -1.6	6.5 9.0		4.34 3.65	19.33 14.85	4.11 0.25	3438.40 854.56						
5	Textiles (17)		•	- 5		-1.0	11.1		3.97	10.37	0.00	595.40						
0	OTHER GROUPS	5 (92)		85		-8.4	10.6		4.29	11.64	0.57	863.32						
i	Agencies (19)			1 8 9	8.12	-1.3	6.6		2.19	19.23	0.61		1091.57					
2	Chemicals (20),	····		105		-1.2	9.6		4.44	12.69	3.22		1048.78					
3	Conglomerates C					+0.2	10.2		4.51	11.19	0.00	1155.22	1138.77	1148.48	1142.88			
3	Shipping and Tra				7.91	-0.6	9.1	~	4.49	14.33	0.00		1804.90					
3	Telephone Netwo					-0.8 +0.8	11.9 13.2		4.69	11.16	0.00	999.52	965.85 1123.07		254.54 1179.13			
7	INDUSTRIAL G					-0.5			3.83	13.35	0.76							
1	Oil & Gas (15)_					-0.4	9.4	_	5.62	12.99	0.08	1757.58	_		1614.33			
,	500 SHARE INE						9.4		410	13.30	0.70	996.42						
						<u>-0.5</u>												
1	FINANCIAL GRE Banks (8)	ML (TS	·}			-0.2 -0.6	19.7	7	4.79 5.86	6.68	6.21 0.00	658.52	652,48 669,31	653.72 672.24				
	Insurance (Life)	(B)		97		-0.7	-		4.73	_	50.0	979.71	967.73					
1	Insurance (Comp	osite) (7)	~	50		-01	_		5.46	-	0.00	504.95	503.58	504.28	498.74			
1	Insurance (Broke	ers) (8)	************	94		-0.3			-0.3	11.7	6	6.10	10.88	0.00	945.08			
	Merchant Banks					-11			4.09		8.00	352.61	348.31	351.A0				
	Property (52) Other Financial (30)	}			+0.8	5.2 9.3	2	3.02 4.31	24.54 13.55	8.32 1.10	1084.86 394.21		984.46 392.93	826.95 401.31			
7	lavestment Trust		_			-0.2		-	3.04		0.81	848.67	830,49	838.38				
	Mining Finance (2)	~~~~~~~	- 2		-24	10.70	6	4.84	10.47	0.00	432.89	432.22	436.44	373.00			
	Overseas Traders	(8)		101		-8.6	9.4		4.99	12.48	0.00	1019.74		1027.28	634.21			
	ALL-SHARE IN				1.57	-8.4	-		4.18	-	0.57	905.54	894.15	196.87	889.97			
7				loc	-	iay's	Day's	1	Day's	Jac	San	Jan	Jan	Jan	Year			
1				N			High		LOW	22	21	20	19	18	300			
]	FT-SE 100 SHA	RE INDE	X 4	17	52.2	-8.7	1767.	41 :	1737.3	1778.9	1747.2	1752.8	1768.0	1799.5	1781.8			
_			_								40.0							
FIXED INTEREST							i	AVERA	BE GRO LPTION	SS VIELDS	M.	Mon	Fri	Year ago				
	_												25	22 22	(approx)			
	PRICE	Maa	Day's	Frf	nd ad	IL sed	adil											
	NDICES	Jan 25	claange	Jan 22	toda		988	밁	Low		5 years.		8.77 9.28	5.91 9.38	9.28 9.83			
_			%	22	 -	10	cate	2	-cultures		25 years		9.15	9.23	9.84			
1	British Government				1	Ì		4	Median		5 years.		9.32	9.49	30.23			
ı į	5 years	123.03		122.53	-		2.08	5	Cappoos	1	15 years.		9.47	9.57	10.11 9.97			
_	5-15 years	139.60	+0.83	138.76	0.1	n.	1.19	5	High		25 years.		9.33	9.40	16.31			
3]	Over 35 years	149.56	+0.75	148.43	i -		8.00	8	Coopens		15 years.		7.62	9.73	19.26			
4	rredeemables	165.14	+1.16	163.24	-		0.00	9			25 years.		9.36	9.46	9.99			
5	All stocks	136.74	+0.69	135.97	0.1		8.97		Inesee			1	9.18	9.25	9.75			
T	inder-Linked	1 1							Index-Li	ched rate 5%		Sure	2.36	2.46	3.53			
6 .	5 years	124.84		124.41	L.	ļ	0.00	,		cate 5%	Direct	5 315.	4.06	4.62	3.75			
7	Over 5 years	114.06	+0.46	113.54	-		0.36	13	Ittifation	rate 10%		5 yrs.	2.48	1.49	1.92			
al.	All stocks	114.78	+0.44	114.27	1 -		0.33	14	Loffstion	rate 10%	DAFE	5 yrs.	3.83	3.85	3.58			

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London ECAP 4BY, price 15p, by post 32p. ISMSTITUENT CHANGES:Freemans(34) has been deleted and replaced by Augila Secured Homes(3).

40pening index 1767.4; 10 am 1765.2; 11 am 1758.1; Moon 1759.6; 1 pm 1758.2; 2 pm 1758.6; 3 pm 1759.0; 3.30 pm 1757.5; 4 pm 1757.3

LONDON TRADED OPTIONS CHLS Feb. May Aug. Feb. May Aug. Apr. Jal Ctl Apr. Jal P. & O. (*542.) (*233.) (75) (*257) Productia (*834) (*232 R.T.Z. (*360) Vani Andi (*\$101) お交替が Barriags (*493) Section (*458.) Books (*249) (*269) (*199 (*133) 27 Feb. May Amp. Feb. May Ang. Tr. 12% 1995 (*112 } 168 177 118 195 70 102 90 78 9 50 3 52 1 20

trading volume in major stocks The following is based on tracing volume for Alpha securities dealt through the SEAQ 2,500 1,500 1,100 1,00 RISES AND FALLS YESTERDAY Same 2 21 712 301 53 13 118 90 Plantations LONDON RECENT ISSUES 1029 39 17 710 FIXED INTEREST STOCKS Price : Price

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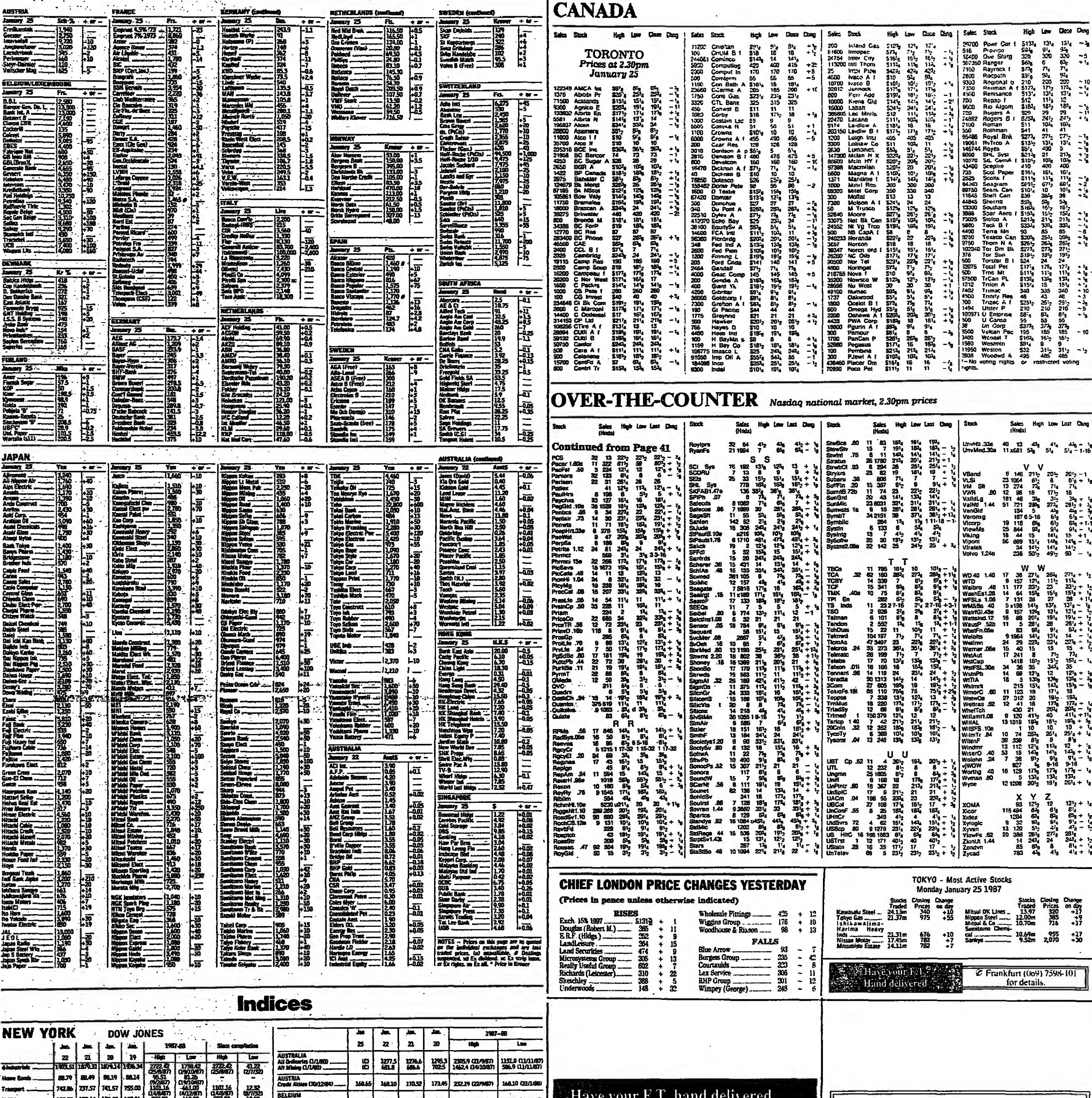
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WORLD STOCK MARKETS



2722-62 (25/8/87) 95.51 (9/2/87) 11(01.16 (04/8/87) 227.83 (227.837) 742.86 737.57 741.57 755.00 182.25 178.64 178.52 180.06 40m/s High 1911.00 (1903.35) Low 1876.16 (1845.99) 246.50 243.14 242.63 249.32 336.77 (25.8387) 282.44 278.48 277.86 286.22 398.17 (25.8387) 22.30 22.08 21.92 22.33 32.43 (25.8387) MASDAD OTC Comp _ 397.55 3234.2 333.68 Dec. 31 year ago (approx.) Jac. 15 Jan. 14 Dec. 23 / year ago (approx.) Jan. 21

CANADA 1545.14 1547.87 1555.43 1585.07 2224.77 (16.7787) 1435.94 (26.10/87)

NEW YORK ACTIVE STOCKS

AUSTRALIA Ali Ordinaries (1/1/80) Ali Mining (1/1/80)	80	1277.5 661.8	1276.6 686.6	1295.3 702.5	2305.9 (Z1/9/87) 1462.4 (14/10/87)	286'8 (17\17\81) 1721'6 (37\17\81)
AUSTRIA Credit Altien (30/12/84)	168.65	168.10	170.52	173.45	232.19 (22/9/87)	168.10 (22/1/88)
BELGIUM Brussels SE (1/1/84)	3855.9	3657.1	3845.8	3854.4	5412.2 (338/87)	3503.8 (18/12/87)
DENMARK Copenhages SE (3/1/83)	184.55	184.59	184.16	185.24	239.76 (27/6/87)	179.60 CXX/11/877
FINLAND Uritas General (1975)	950.5	\$49.9	548.9	223.1	679.1 (15/10/87)	425-2 (5/1/87)
FRANCE CAC General (31/12/82) lad. Tendance(31/12/87)	(U) 91.7	258.1 91.9	255.2 92.3	263.5 93.9	460.4 (26/3/87) 103.7 (6/1/88)	255.2 (21/1/88) 91.9 (22/1/88)
GERMANY FAZ Alties (31/12/58) Commerchank (1/1/2/53)	406.52 1241.8	406.17 1246.4	401_31 1225_2	405.73 1238.9	676,84 (6/1/87) 2061_1 (17/8/87)	400.13 (10/11/87) 1220.9 (10/11/87)
HONG KONS Hang Stog Back (SL/7/64)	2407.29	2422.38	2412.32	2484.29	3949.73 (1/10/87)	3894.94 (7/12/87)
ITALY Baoca Com, Hal, (1972)	462.69	474.81	476.32	482.38	767.34 (30/4/87)	469.69 (25/1/88)
IAPAN ** KDdg: (16/5/49) Tokyo SE New (4/1/68)	23318.40 1861.71	22876.58 1821.51	22710.26 1807.13	22943.14 1815.23	25646.43(14/10/87) 2258.56 (11/6/87)	18544.00 (13/1/87 1557.46 (13/1/87)
NETHERLANDS AMP-CBS General (1970) AMP-CBS Industrial (1970)	214.7 165.1	214.1 164.8	212.2 163.8	212.2 164.8	334.1 (14/8/87) 280.8 (11/9/87)	192.2 (10/11/87) 147.5 (10/11/87)
NORWAY Odo SE (4/1/83)	364.60	345.95	345.43	35419	592.01 (21/9/87)	307.48 (10/11/67)
SHICAPORE Straits Times (ad. (30/12/66) .	908.9	904.1	909.6	921.0	1505.4 (26/8/87)	700.4 (7/12/87)
SQUTH AFRICA ISE Gold (28/9/78) ISE Industrial (28/9/78)	89	1500.0 1510.0	1527.0 1518.0	1553.0 1534.0	2499.0 (3/8/87) 2266.0 (36/10/87)	1448.0 (5/11/87) 1402.0 (23/11/87)
SPAIN Maded SE (30/12/65)	250.03	245.20	242.95	245.92	325,44 (6/20/87)	201,08 (4/12/87)
SWEDEN Jacobson & P. (31/12/56)	2396.3	2346.2	2285.1	2256.2	3550.4 (9/10/67)	2068.6 (10/11/87)
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WORLD STOCK MARKETS

Takeover bids tig Dow higher in lively trade

contrast, Sterling jumped \$8%

price seemed to reflect concern

Irving Sank fell \$14s to \$52%

share in cash and is now offer-

American Brands, which last

for E-II Holdings, rose \$1% to

\$49 while E-II was unchanged

subject to a bid from Britain's

Farmers Group, currently

Computer stocks, which were

hard-hit last week in response

to a set of disappointing results

for International Business

Among blue chips, Merck

& Gamble rose \$21: to \$85%

and General Electric edged \$1/8

Canada

MODERATE losses in golds

nut pressure on stocks in

broadly lower despite selected

gains in energy and blue chip

Blue chip stocks also tended

In Montreal, the market port-

to be mixed. Northern Telecom

higher to \$44%.

stocks.

C\$114 to C\$24.

Machines, generally recovered

The drop in Eastman Kodak's

Well Street

with the Dow Jones Industrial next few years.

Average pulled upwards by Federated Department Stores heavy trading in stocks surged \$13% to \$49% immediinvolved in takeover bids, ately wiping out the premium writes Jane! Bush in New York, built into the bid by Campeau At low, the Dow index stood Corp of Canada announced yes-44.27 points higher at 1,947.78, terday. Campeau said it was By midsession, around 200m making a tender offer at \$47 a shares had changed hands, share in each or \$4.2bn. dwarfing Friday's total volume

of 147m shares. However market participants by midesssion after news that estimated that about 60 per the Bank of New York had cent of yesterday's morning revised the terms of its tender activity was related to takeover offer, lowering the price it was stocks and dividend plays on willing to pay several high-yielding stocks. The Bank of New York had which will go ex-dividend previously offered \$68 per

One of the major and intensi- ing cash and stock at 560 a fring worries in the equity mar. share. Bank of New York rose ket has been the lack of retail 81/2 to \$29. investor and institutional interest in participating in the mar- Friday launched a counter-bid

The securities industry and the New York Stock Exchange have put this down to investor fear of relatility and it has led to several securities houses BAT Industries, was up 5 at winding down their programme \$57.5. trading for their own accounts, as well as for the NYSE's experimental limits on programme trading.

The equity market continues to display no clear trend, while yesterday. Compaq rose \$2 to the bond market seems to have \$47': IBM itself was up \$1 is at regained its confidence in \$112% and Data General rose recent days. After a period just \$114 to \$261; before Christmas when there was a measure of complacency jumped \$2's to \$1532s. Proctor about the possibility of a recession, these fears seem to have

resurfaced. The only stocks which seem to be attractive at the moment are ones involved in particular. often takeover-related situa-

The kind of issues expected to benefit from a shift away from consumer-led growth to manufacturing and export-led expansion have not been particularly popular.

in the bond market, prices built on last week's gains but movements were not large. At midsession, the Treasury's 8.875 per cent 30-year bond was up 🗫 point to yield 8.62 per cent. although prices began to slip back as the equity mar-

ker rolly gained steam. Last week's run of weak eco- C\$34%. nomic figures helped sentiment as well as signs that the Treasurv's quarterly refunding in early February will be smaller than anticipated because of substantial inflows from foreign central banks into US securities. In addition, the dollar

has been more stable. However, there is an element was unchanged at C\$22% and of caution in the bond market, natural after its strong rally C\$68%.

which announced a friendly C\$211/2. takeover of Sterling Drug forcing Hoffman-La Roche to drop folio index dropped 2.80 to its own bid, had declined \$4% 1,542.34. In Vancouver, the to \$44% by midsession. In stark index fell 3.80 to 1,169.3.

THE FINANCIAL rand held its nighs as bullion prices hovered, leaving Johannesburg gold shares softer overall. Trading, however, was thin and losses

modest. Heavyweight gold miner Vaal Reefs surrendered R6 to R294 and Kloof was R1.25 easier at R34.75. Randfontein, however, found some support and held

steady at R250. Mining financials were nar-

GRA JANGITAN

per grouping

Australia (93)

Austria (16).

Belgium (48).

Canada (127)_.

Denmark (38).

France (124)

Ireland (14)

Japan (457)...

Mexico (14)...

Netherland (37)...

Norway (24)

Singapore (26).

Spain (43)

USA (588)___

Europe (972).

Pacific Basin (682).

Euro-Pacific (1654). North America (715).

Europe Ex. UK (642)_

World Ex. US (1856) .

World Ex. UK (2114).

Pacific Ex. Japan (225).

World Ex. So. Al. (2383)_

World Ex. Japan (1987)

Sweden (34)... Swizzerland (53)....

South Africa (61) ...

Finland (23)

West Germany (94)

Italy (94).....

New Zealand (24).....

United Kingdom (330)

Hong Kong (4t).....

Malaysia (36)

REGIONAL MARKETS

Figures in parentheses

Show number of stocks

rowly mixed, with Anglo American adding 50 cents to end at 50 cents to R45. Goldfields of

R28.25, while other minings were little changed. Rustenberg Platinum crept 35 cents higher

FT-ACTUARIES WORLD INDICES

FRIDAY JANUARY 22 1938

Pound Sterling

index

83.17 74.30 86.55 91.56 93.56

92.08 62.23 58.14 76.49 92.04 59.99 117.98 99.36 94.97 79.68 64.10 86.42 87.10 109.29 112.69 86.18 64.74

108.47 83.75

83.16 115.03 102.31 84.16 67.51 79.47

102.01 93.61 94.84 83.89

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.

Gross Div. Yield

4.26 2.70 5.27 3.05 3.01

1.80 4.48 3.06 5.71 4.61 2.89 0.61 3.19 1.28 5.47 5.35 3.04 2.48 4.94 3.50 2.52 4.30 3.68

3.97 0.84 1.87 3.65 3.64 5.00 1.94 2.32 2.51 3.82

Dollar

100.25 90.27 104.42 109.83

110.86 76.08 69.16 91.70 110.20 72.74 141.28 120.26 110.56 95.58 75.86 103.25 105.75 129.14 134.84 101.12 77.41 129.76 99.39

99.72 137.77 122.58 99.95 81.12 95.53 122.21 111.77 113.26 100.00

Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Local

Currency

index

93.21 77.65 89.94

101.99 98.45

94.42 66.25 60.85 92.01 98.25 66.30 114.59 117.13 276.77 82.24 61.43 89.94 97.70 84.48 116.24 92.26 65.41

108.47

100.69

85.54 112.77 101.88 100.78 71.08

to R28.25. Industrials closed mixed.

Day's Change

-0.3 -1.0 -0.4 +0.2 -0.3

-0.1 -1.7 +1.1 +0.3 +0.4 -0.8 +0.4 -0.7 +3.3 +0.6 +0.6

-1.0 +1.7 +0.5 +2.5 +0.5 +0.5 +1.3

+0.3 +0.4 +0.3 +1.2 +0.1 +0.0 +0.4 +0.7

+0.7

+0.9

(noex

89.32 104.06

110.08

110.70

74.81 69.90

91.97

110.66 72.12

141.85 119.46 114.18

95.90 77.07

103.91

104.72

131.59

135,48

103.61 77.83 130.41 100,69

99.99 138.30 123.01 101.19

81.16 95.54

122.65 112.55 114.02

100.86

(EUROPE Blue chips drift as subdued investors hug sidelines

A LACK of any encouraging news on the economic or curreacy fronts left European investors subdued yesterday. Those investors who did take to the floor looked to domestic 1500 factors and shares prices on individual bourses drifted

accordingly. FRANKFURT ended a cautious and lacklustre session on an easier note. The steady dollar and gains on Wall Street and in Tokyo failed to attract buy-ers and the market was uneasy THE EQUITY market got the about substantial dilution of ers and the market was uneasy week off to a reasonable start earnings per share over the about the lingering debate on withholding tax.

The Commerzbank 60-share index shed 4.6 to 1,241.8. Retailers were sharply lower after forecasts of lower exports for the year. Karstadt led the

orsche down DM15 to DM417. Daimler up DM3 at DM548 and day. BMW adding DM1 to DM497. Most other sectors posted

modest losses.

West Germany Nov87 Dec Jan'88

The bond market was hesisway down, shedding DM11 to tant with investors remaining sidelined or taking profits on Cars ended mixed, with last weeks gains. The Bundesbank sold DM86.8m of paper VW off DM1.30 at DM214, after selling DM93.6m on Fri- in uneasy but calm trading.

Réserve, which was actively traded and added BFr100 to BFr3.310. Among other holdings, GBL eased BFr30 to BFr2,650. Sofina rose BFr170 to BFr9,680

and Cobepa added BFr50 to BFr4,450. Chemicals group Gevaert firmed BFr150 to BFr6,350. After the bourse closed, the group announced that it would lead a group of European companies in buying up to 10m of the newly-issued Sociéte Génér-

ale shares. Blue-chip Petrofina ended BFR120 higher at BFr9,340 and chemical Solvay rose BFr70 to BFr9,290 on news that it was indirectly raising its stake in Sociéte Générale.

Elsewhere, trading volume was modest and price movements narrow. AMSTERDAM inched higher

Many investors were on the BRUSSELS was lifted by the sidelines awaiting results from ale de Belgique's share, cation of how Dutch companies

survived the dollar's decline.

The dollar's stability did little to allay fears of a recession and most activity was related to traders executing orders rather than building new positions. The Crédit Suisse index slipped 0.4 to 410.6 and the Swiss Index rose 2.0 to 764.5.

SFr5.000 to SFr189,000 and US drug group Sterling Drug.

rate to 7% per cent led to a issues off their earlier lows. Most leading blue chips The MIB index dropped 2.77 to was very thin. The Unitas allperformance of Societé Génér- chemical group Akzo as an indishowed slight gains by the 955 after mutual funds led a share index edged up 0.1 per

Akzo slipped 90 cents to F1 89.10 and elsewhere among blue chips, Royal Dutch added 90 cents to Fl 205.50 and Unilever was 70 cents higher at Fl

ZURICH ended little changed. Hoffman-La Roche firmed

'Baby' certificates added SFr175 to SFr9,525 after the company withdrew its offer for PARIS maintained an easier trend although a % percentage point cut in the intervention

close. Elf was up FFr1 to sell-off which took all sectors cent to 550.5.

London

UK equities recovered some earlier losses in late trading, climbing off earlier lows as Wall Street moved higher. Volume was the lowest recorded since last October, apart from the Christmas holidays, with dealers blaming the continued tendency of investors to remain on the sidelines. The FT-SE 100 index fell 8.7 to 1,762.2 and the FT Ordinary Index slipped 11.3

FFR234, Thomson CSF gained FFR1.50 to FFr122 and Cie du Midi firmed FFr1 to FFr970. MILAN sunk to its third consecutive low for the year as tentative rally, pulling selected political uncertainties continued to weigh on the market. with a firmer bias but trading

to 1,409.7.

Industrial blue chips were hardest hit. followed by baring

and insurers. MADRID firmed as most sectors moved higher, buoyed by lower overnight assistance rates for funds, the firmer dol-lar dollar and signs of stability on international markets. The all-share index rose 4 \$3 to 250.03 in moderate trade.

STOCKHOLM took hear from indications that the private sector strike may be coming to an end and share prices rose across the board OSLO closed broadly mixed in light trading with no new factors to direct the start of the new week's trade. Industrials lost ground following the lead

set by Orkla Borregaard which lost Nkr5 to Nkr327. Other sectors were little changed or narrowly higher.

Hong Kong

2,407.29 after an early surge of

Hongkong Land came under

Singapore

PROFIT-TAKING eroded

some of the morning's gains.

leaving share prices only mar-

ginally higher. The Straits

Times industrial index rose

higher. DBS added 15 cents to

\$\$9.85. Singapore Press Hold-

ings rose 10 cents to \$57.35.

A handful of blue chips edged

Germany catches up with first 'real time' market index

WITH eight bourses and a federal system which encourages regional rivalry, choosing the right equity index is more difficult for fund managers in West Germany than in many other markets. From February 1 their choice will have widened still further with the introduction of the first "real time" index covering the Frankfurt market.

West Germany's oldest market indicator is the Commerzbank index, comprising 60 leading blue chips and computed on each trading day. The shares ner-Werke and Thyssen, Germany's leading iron and steel every 30 minutes during the manufacturing trio.

Toronto, taking most sectors The addition of Porsche pushed the number of car makers covered to four, while the FAZ indices. index takes in the big three Golds declined as Interna- commercial banks, as well as tional Corona lost C\$14 to Bayerische Vereinsbank and CS11's. Lac dropped CS% to Bayerische Hypotheken-und C\$111: and Echo Bay Mines fell Wechselbank from Bavaria.

The consumer sector contains Metals were generally lower. some slightly less familiar Falconbridge dropped CS to names for international inves-Several factors have given C\$20%, Inco fell C\$4 to C\$25% tors, such as Salamander, the the market underlying strength. and Alcan was unchanged at shoe group, and Wella, the cosmetics and hair products company. Dortumunder Union is Energy issues were broadly the only brewery represented, mixed. Texaco Canada advanced CS4 to C\$304, Shell Canada put on CS% to C\$38% and Imperial Oil declined C\$% though, while the four stores listed exclude fast-growing newcomers like Asko.

Shares are selected for their liquidity and represent a cross section of German finance and industry, according to the bank. Seagram advanced C\$11/2 to

The Commerzbank index is calculated on a weighted basis Among the most active indus- and is based on December 1953 In the equity market, take- trials were Placer Dome, falling prices (=100). It comprises over stocks were the centre of C3% to C\$16% and Canadian about three quarters of the attention. Eastman Kodak, Pacific, declining C\$ to aggregrate market value of all officially quoted German shares. The bank also produces 12 sectoral indices.

The Frankfurter Allgemeine Zeitung (FAZ) index, meanwhile, is based on share prices at the Frankfurt bourse, Germany's biggest, rather than Dusseldorf, the second busiest. The FAZ, which is most often

quoted by professional investors, incorporates 100 shares. Chemical and rubber issues R48.25, but with Gencor easing accounted for 25,02 per cent of the index at the end of last South Africa was steady at year. followed by car and machine tool manufacturers, Bellwether diamond stock De with 16.82 per cent, and banks Beers ended 15 cents higher at and insurers with 16.63 per cent. Bayer was the biggest single constituent as of December Indices reflect about 2,440 30, with a 7.84 per cent share, shares traded in 24 countries:

chemicals Hoechst and BASF.

THURSDAY JANUARY 21 1988

Pound

82.73 74.50 86.18 90.64 93.07

91.49 62.79 57.08 75.67 90.95 60.03 116.59 91.24 78.88 62.60 85.21 87.27 106.57 111.28 83.45 63.29 107.09 82.02

82.29 113.70 101.16 82.48 66.95 78.84 100.86 92.24

Sterling

Local

Currency

93.21 79.06 89.87 101.96 98.02

94.18 66.92 59.82 91.72 97.20 66.44 113.55 117.88 269.07 81.51 60.67 89.03 98.47 85.55 115.28 89.59 64.82 107.09

99.39

84.73 111.79 100.97 99.55 70.62 89.97 100.96 99.68 100.46 93.92

The Commerzbank and FAZ market indices are set to face a rival, writes Haig Simonian

In addition to the FAZ and Commerzbank indices, the Boerwhich make it up often seem to sen-Zeitung, a specialist financome in threes: it includes the cial paper, also produces its big three chemicals conglomer- own 30-share indicator. The ates, likewise Hoesch. Kloeck- index already has an edge over its rivals in that it is updated two hours of official trading, rather than on the basis of the single daily share price fixing, as with the Commerzbank and

> From February 1, however, the Boersen-Zeitung index may gain a decisive advantage when it will list the same shares as the new real-time index, which was introduced at the beginning of this year and which is being tested on the Frankfurt bourse.

Rather than depending on the daily official fixing for its prices, the new system, based on KISS (Kurs-Informations-Service-System), the Frankfurt bourse's computer-based share price information system, monitors the price movements of 30 leading shares, which it recalculates every 60 seconds during offical trading.

The index means Germany will finally catch up with developments in other markets which already have "real-time" indices, partly to cater for new equity futures and options contracts, which require the most up-to-date prices.

The index is based on prices at the beginning of 1988 (=1,000). Bayer takes pride of place, with a 10.88 per cent weighting, followed by BASF with 9.64 per cent and Siemens with 8.35 per cent. Together, the top 10 constituents comprise almost 70 per cent of the total weighting.

The question is how rival indices will react. Commerzbank may decide to base its index on the Frankfurt fixing. FAZ is weighing its options.

• The FT-Actuaries World followed closely by fellow there are 94 constituents in the German index.

DOLLAR INDEX

1987/88 Low

85.36 85.53 94.63 98.15 98.18

74.81 68.80 73.92 93.50 72.04 100.00 93.76 90.07 87.70 73.39 95.51 81.21 100.00 100.00 88.50 73.65 99.65 91.21

92.25 100.00 100.00 91.68 78.89 82.92 100.00 100.00

92.98

139.73 100.00

1987/88 High

180.81 102.87 134.89 141.78

124.83

121.82 104.93 158.68 160.22 112.11 161.28 193.64 422.59 131.41 138.99 185.01 174.28 198.09 168.81 136.64 111.11 162.87 137.42

130.02 158.77 143.65 137.55 111.97 164.03 143.38 138.82 139.47

134.22

Year

(xoudde)

103.89 98.57 104.05

109.28

120.75

112.41 98.68 98.86 113.18 103.24 111.74 111.56 112.78 105.60 92.14 107.12 106.92 113.00 116.13 94.26 102.93 109.88 111.47

106.36 110.95 109.12 111.36 99.45 101.16 109.17 110.10 110.06

109.29

110.08

ASIA Interest rate hopes lift Nikkei

Tokyo

EXPECTATIONS of lower short-term interest rates and higher corporate earnings lifted share prices in Tokyo yesterday, but volume remained comparitively light despite a burst of buying by major brokerage housess in the final minutes of the session, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei stock average ima Heavy Industries and Nipclosed a net 193.07 higher at 23,318.40 after hitting a high of 23.344.19 in mid-afternoon. Volume totalled 554.78m shares, compared with Friday's Marine and Fire Insurance 569.06m and advances outnum- adding Y50 to Y1,910, Nomura bered declines by 544 to 340, Securities rising Y70 to Y3,180 with 133 issues unchanged.

fund trusts, reported to have Some pharmaceuticals report- centage point to 4.8 per cent huge unrealised losses in their ing good business performances stock holdings, entered the firmed. Sankyo advanced Y30 market in a buying excercise to Y2,070 and Takeda Chemical before closing their books at put on Y20 to Y3,080. the end of March.

ties and financials amid grow-day, Hitachi fell Y10 to Y1,220, ing speculation that the Bank of Toshiba shed Y3 to Y667, Sony Japan was guiding interest dipped Y20 to Y4,690 and NEC

tional investors and individu- had purchased bills for six conals. Other power utilities also secutive days, would take simifared well, with Tokyo Electric lar action in another move to Power surging Y120 to Y5,400, guide interest rates lower. The Kansai Electric Power climbing yield on the benchmark 5.0 per Y70 to Y2,780 and Chubu Elec- cent Government bond, maturtric Power up Y40 to Y2,700. Large-capital stocks were 4.235 per cent from 4.265 per

traded briskly. Kawasaki Steel topped the most active list with 24.13m shares traded and rose Y10 to Y340. Ishikawajima-Harpon Steel gained Y10 and Y9 to Y676 and Y385, respectively. Small-lot buying drove financial issues higher, with Tokio

and Sumitomo Marine and Fire Tokkin money trusts and up Y20 to Y1,210.

High-technology stocks were Buying interest centred on out of favour and slipped demand-related issues such as broadly lower. Fujitsu ended at power and gas utilities, proper- Y1,420, unchanged from Satur-

lost Y20 to Y2,000. Tokyo Gas was actively Bond prices weakened in

traded and jumped Y55 to Y975 early trading on expectations on small-lot buying by institu- that the Bank of Japan, which PORTFOLIO trimming by overseas institutions continued in a thin and cautious market. pushing share prices lower. The Hang Seng index lost 15 09 to ing in December 1997, fell to

> cent at Saturday's close. However, central bank buying selling pressure, giving up 5 did not materialise, sparking cents to HK\$7.20. Cheung Kong selling in late trading. As a lost 15 cents to HK\$6.70 and result, the yield on the bench- Hutchison Whampoa affiliate mark issue turned upward, shed 5 to HK\$7.20. closing the day's trading at 4.265 per cent, unchanged from Saturday.

Speculation that the coupon rate on long-term Government bonds to be issued in February could be lowered by 0.1 peralso weighed on the bond mar-

On the Osaka Securities Exchange (OSE) prices rose, with buying focusing on speculative issues and domestic demand-related stocks.

SIA was up 10 cents to \$49.90 The 250-issue OSE stock averand Fraser and Neave put on 5 age finished 177.14 higher at 23,566.05, on an estimated volcents to \$\$8.10. Sydney was closed for the ume of 70.60m shares, down Australia Day boliday. 940,000 from last Friday.

3.79 to 908.72.

STAATLICHE

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or DM 378.- each I enclose cheque with my order ☐ American Express ☐ Visa Account No. ____ Expiry date _____

Date/Signature of cardmember.

& Country. Ponal Code

114.13 The World Index (2441). Base values: Dec 31, 1986 = 100; Finishe: Dec 31, 1987 = 115.037 (US 5 Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Guidman, Sachs & Co., Wood Macketzie & Co. Ltd.1987 Lacest prices were pravailable for this edition.